PSG KONSULT

Annual report 2011

Quality through Excellence

commitment

The client is the driving force behind everything we do. With exceptional people and a commitment to corporate governance, PSG Konsult strives to offer clients the best financial advice.

PSG KONSULT

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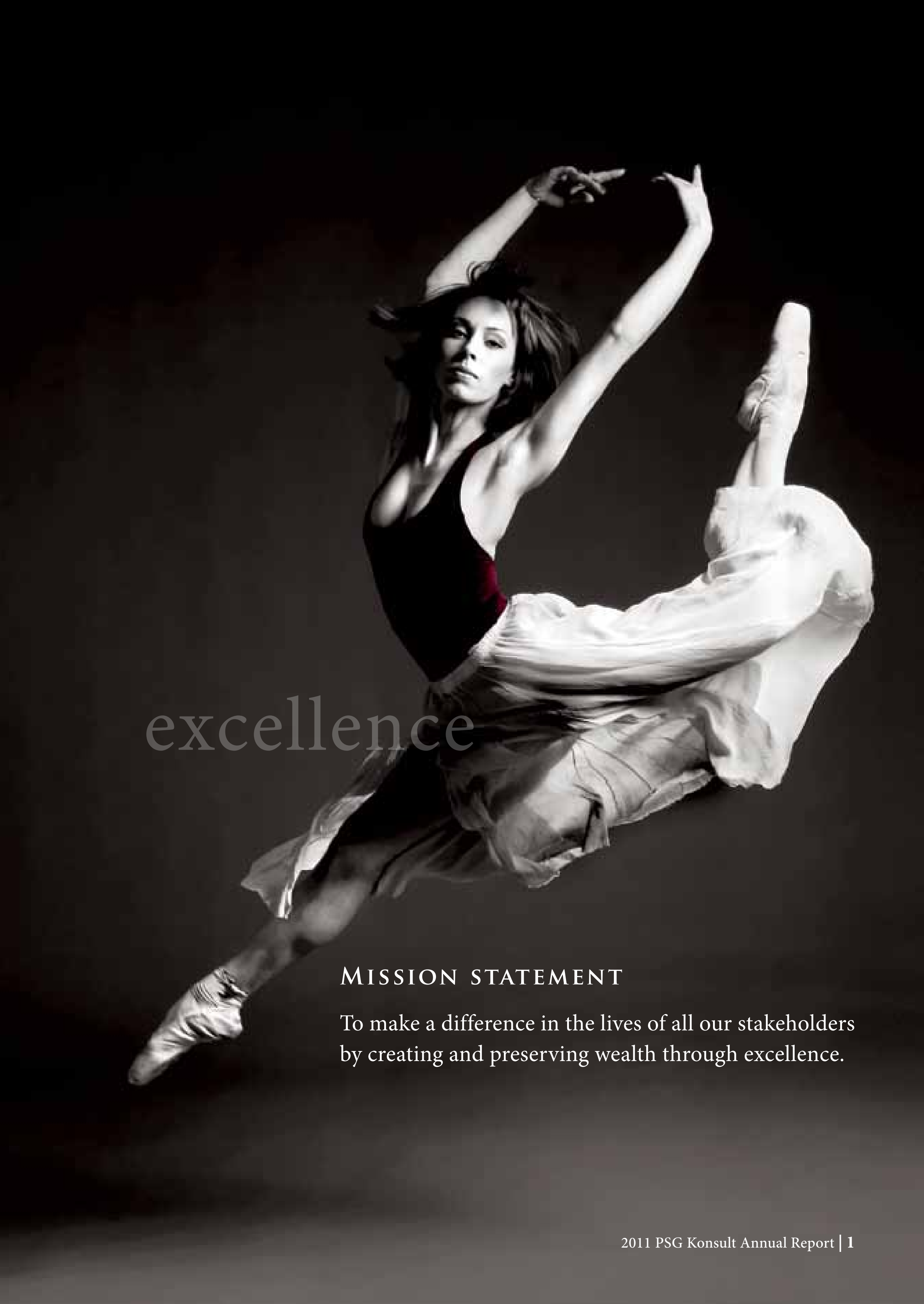


Mission statement

To make a difference in the lives of all our stakeholders by creating and preserving wealth through excellence.

Business philosophy

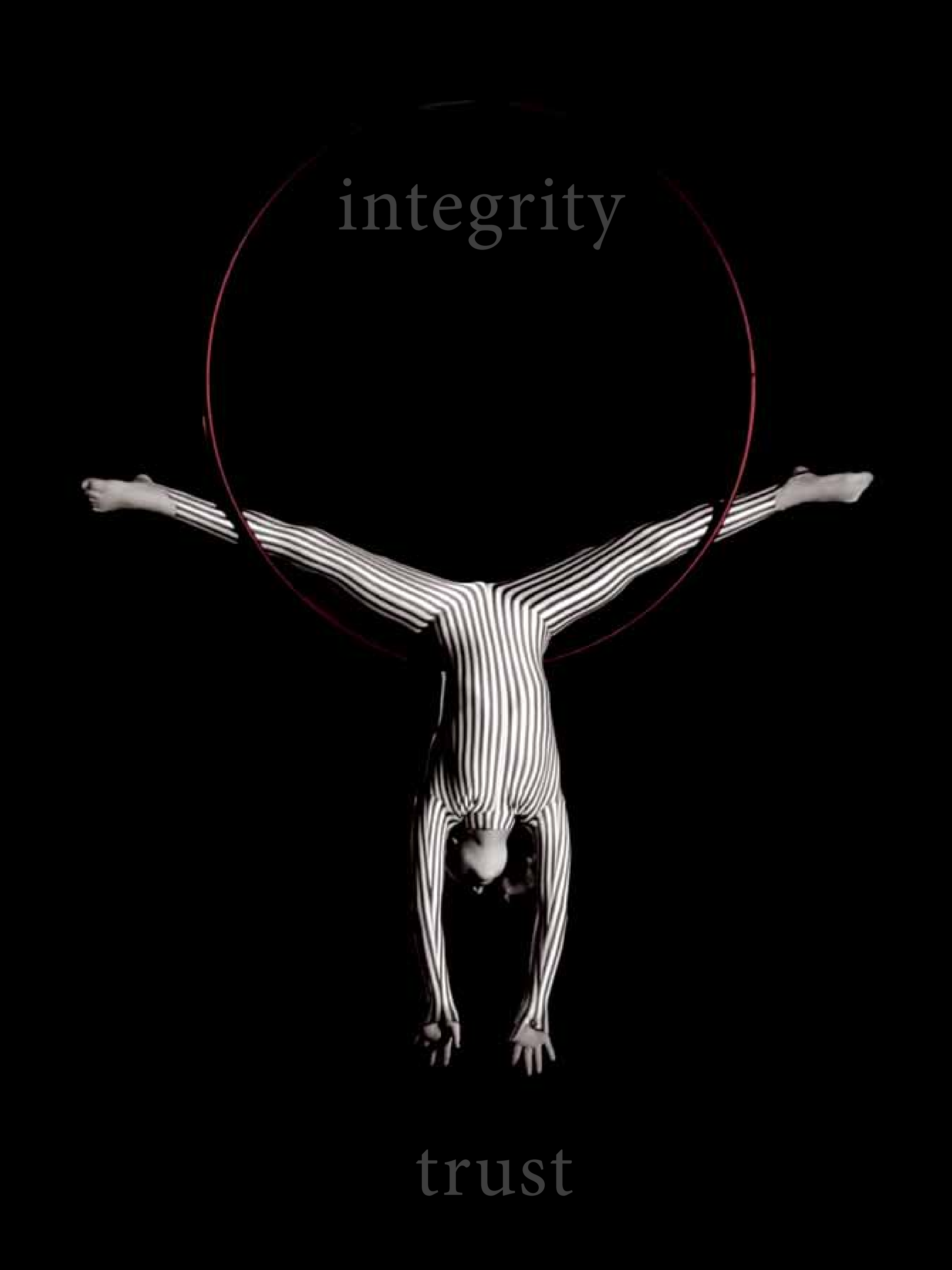
We are an independent financial services company that offers a unique service-orientated approach to our clients' financial planning requirements.

Our business is founded on the fundamental principles of integrity, trust and transparency in everything we undertake. Our relationships with our clients and all other stakeholders are built around these principles and we continuously endeavour to base our business on sound professional and ethical practices.

Ethical code of conduct

The PSG Konsult Group is firmly committed to:

- Advising clients with the highest level of good faith, integrity, professional knowledge and diligence
- Providing clients with accredited products and services that will appropriately address their particular needs
- Ensuring that all client funds are always directly deposited with the relevant financial institution
- Disclosing the exact amount of commission and fees earned
- Complying with legislation regulating the financial services industry


integrity
trust

Business disciplines

Our holistic financial planning includes the following services:

TRADE

Our registered and qualified stockbrokers and portfolio managers will assist you with our knowledge, experience and quality service. We offer you the following:

- Buying and selling of shares, currencies, commodities and derivatives at your request
- Implementation of a trading strategy at appropriate levels of risk which you are comfortable with
- Long-term portfolio management

INVEST

PSG Konsult offers holistic investment advice and portfolio management services for the creation and protection of wealth:

- We invest in local as well as offshore investment products on your behalf
- Experienced investment portfolio management
- Offering you input over underlying investment portfolios

INSURE

We offer appropriate, independent advice on insurance products at competitive rates:

- We insure your motor vehicles, household contents and business assets
- Ensuring that you have sufficient life and disability cover in the event of death or disability
- We provide comprehensive advice on medical insurance for emergencies and day-to-day medical expenses

PLAN

We make financial planning understandable and provide an extensive national support structure:

- We assist you with estate planning in order to structure your financial matters in respect of your will, property, trusts, insurance, income and estate duty
- Retirement planning in respect of your retirement income which will maintain your lifestyle and capital needs
- Expert advice in respect of pension and provident funds
- Employees can benefit from appropriate pension and provident fund strategies

flexibility

The PSG Konsult Group

The PSG Konsult Limited Group is a financial services company, specialising in the delivery of financial services and/or products to individuals and institutions on a face-to-face model and via an electronic platform.

PSG KONSULT

Quality through Excellence

PSG ONLINE

Be first. Be relevant.

PSG ASSET MANAGEMENT

Consistent | Conservative | Contrarian

PSG ONLINE

PSG Online is an electronic trading platform that provides clients with the ability to trade, invest, insure and plan for their financial well-being. Clients can trade in shares and derivative instruments, invest in unit trusts and ETFs, buy short-term and life insurance as well as plan for their future and retirement.

PSG ASSET MANAGEMENT

PSG Asset Management is an established investment management company with more than R8 billion under management (February 2011). We offer long-term investors a simple but comprehensive range of local and international unit trust funds, managed multi-manager solutions, retirement products and structured products to cater for their unique needs.

support

Board of directors

As at 28 February 2011, the board of directors of PSG Konsult Limited consisted of the following members:

HELGARDT BERGH LINDES, 40
BCom (Hons), BCompt (Hons), CA(SA)
Chief executive finance

JACOB DE VOS DU TOIT (JAAP), 56
BAcc, CA(SA) CFA
Chairperson

DANIEL PIETER BUSS HUGO (DAN), 49
BCom, CFP
CEO: PSG Konsult Financial Planning (Proprietary) Limited

WAYNE VINCENT WALDECK, 46
BCom (Hons), CA(SA), CFP
Chairperson: Northern regional board
Director: Investment Solutions

THEO CLOETE, 42
Director: Marketing and business development

CORNELIUS ALWYN DE BRUYN (CORRIE), 44
BCom (Hons), CA(SA)
CEO: Online Securities Limited

RONALD NORMAN KING, 41
BCom, LLB, LLM, Adv, PGD FP, CFP
Director: Financial planning

THEO WERNER BIESENBACH, 47
BCompt (Hons), CA(SA)
Chief operating officer

JOHANNES FREDERICUS MOUTON (JANNIE), 64
BCom (Hons), CA(SA)
Chairperson: PSG Group

WILLEM THERON, 58
BCompt (Hons), CA(SA)
Chief executive officer

THEO ALBERT LANDMAN (KOELOE), 58
BCom, CFA(SA)
Chairperson: Central regional board,
Regional manager: Eastern Cape
CE: PSG Konsult Projects

DAVID JOHANNES KLOPPER (DAWIE), 52
BCom (Hons), MBL, CFP
Investment economist

HOUGAARD PIETERS, 51
MEng, CFP
Chairperson:
Southern regional board


balance

PSG Konsult embraces the principles of good corporate governance, including sound corporate practices, accountability, sustainability and transparency. Accordingly, the company's corporate governance policies have in all respects been appropriately applied during the period under review.

BOARD OF DIRECTORS

Details of the company's directors are provided on pages 8 to 9 of this report.

The board met four times during the past year and had a 98,1% attendance.

	15 Apr 10	16 Jul 10	7 Oct 10	2 Dec 10
Theo Biesenbach	✓	✓	✓	✓
Theo Cloete	✓	✓	✓	✓
Corrie de Bruyn	✓	✓	✓	✓
Jaap du Toit	✓	✓	✓	✓
Dan Hugo	✓	✓	✓	✓
Ronald King	✓	✓	✓	✓
Dawie Klopper	✓	✓	✓	✓
Koeloe Landman	✓	✓	✓	✓
Helgardt Lindes	✓	✓	✓	✓
Jannie Mouton	✓	✓	Apology	✓
Arno Oberholster*	✓	n/a	n/a	n/a
Hougaard Pieters	✓	✓	✓	✓
Willem Theron	✓	✓	✓	✓
Wayne Waldeck	✓	✓	✓	✓

* *Resigned 8 July 2010*

There is a clear division of responsibilities at board level to ensure a balance of power and authority so that no one individual has unfettered powers of decision-making. Jaap du Toit fills the role of chairperson and Willem Theron that of chief executive officer.

The board's key roles and responsibilities are:

- Promoting the interests of shareholders
- Formulation and approval of strategy
- Retaining effective control
- Ultimate accountability and responsibility for the performance and affairs of the company

The board has appointed the following committees to assist it in the performance of its duties:

- Executive committee
- Remuneration committee
- Finance and risk committee
- Compliance and risk management committee

EXECUTIVE COMMITTEE

The executive committee (EXCO) comprises Willem Theron (chairperson), Theo Biesenbach, Theo Cloete, Dan Hugo, Koeloe Landman, Helgardt Lindes and Kobus Serfontein.

REMUNERATION COMMITTEE

The remuneration committee comprises Chris Otto (chairperson), Jaap du Toit, Willem Theron and Theo Biesenbach. The committee met once during the past year and all the members were present.

This committee operates according to a board-approved charter and is primarily responsible for overseeing the remuneration and incentives of the executive directors. It takes cognisance of both local and international best remuneration practices in order to ensure that such total remuneration is fair and reasonable to both the employee and the company.

The remuneration of the executive directors of the company is dealt with in the directors' report.

FINANCE AND RISK COMMITTEE

As required by sections 269A and 270A of the Companies Act, the finance and risk committee fulfilled its responsibilities as follows:

- Reviewed the interim and year-end financial statements, culminating in a recommendation to the board. In the course of its review the committee:
  - takes appropriate steps to ensure that the financial statements are prepared in accordance with International Financial Reporting Standards (IFRS);
  - considers and, when appropriate, makes recommendations on internal financial controls;
  - deals with concerns or complaints relating to:
    - accounting policies;
    - the auditing or content of annual financial statements; and
    - internal financial controls.
  - reviews the external audit reports on the annual financial statements;
  - reviews the risk management reports and, where relevant, makes recommendations to the board;
  - evaluates the effectiveness of risk management, controls and the governance processes;
  - verifies the independence of the external auditors and of any nominee for appointment as the designated auditor;
  - approves the audit fees and engagement terms of the external auditors; and
  - determines the nature and extent of allowable non-audit services and approved the contract terms for the provision of non-audit services by the external auditors.

Members of the finance and risk committee

For the financial period ended 28 February 2011, the members of the finance and risk committee were Wynand Greeff (chairperson), Theo Biesenbach, Helgardt Lindes, Willem Theron and Adri Wessels.

The members of the committee have at all times acted in an independent manner. The committee acts as a subcommittee of the PSG Group audit committee.

Frequency of meetings

The finance and risk committee met twice in the financial year under review and had a 100% attendance. Provision is made for additional meetings to be held, when and if necessary.

Attendance

The external auditors, in their capacity as auditors to the company, attended and reported to all meetings of the finance and risk committee.

The group risk management function was also represented.

Confidential meetings

Finance and risk committee agendas provides for confidential meetings between the committee members and the external auditors.

Independence of external auditors

During the year under review the finance and risk committee reviewed documentation presented by the external auditors and, after conducting its own review, confirmed the independence of the auditors.

Expertise and experience of the chief executive finance

The finance and risk committee has satisfied itself that the chief executive finance has appropriate expertise and experience.

COMPLIANCE AND RISK MANAGEMENT COMMITTEE

The committee comprises Theo Biesenbach (chairperson), Daleen Cornelissen, Juan Erasmus, Liza Killian, Ronald King, Leon Taylor, Isabel Teixeira (by invitation) and Rika Pieterse (by invitation).

The group operates in a highly regulated environment and the board acknowledges that it is accountable for the process of risk management and the system of internal control of the group. A compliance officer has been appointed ensuring adherence to the various Acts and Codes that govern the day-to-day operations.

A detailed risk management plan has been implemented, thereby ensuring that all significant business risks, including operational risk, are identified and appropriately managed.

performance

This is PSG Konsult's second Corporate Social Responsibility (CSR) Report. The aim of the report is to provide our stakeholders with information on PSG Konsult's various CSR initiatives including policies and practices inherent to PSG Konsult and the manner in which the company carries on its business.

The basis of this report originates from the recommendations included in the King Report on Governance for South Africa 2009 and more specifically the recommendations regarding integrated reporting and disclosure in respect of the company's financial and non-financial profiles. The requirements of the G3 Sustainability Reporting Guidelines developed by the Global Reporting Initiative have also been considered in drafting this report, although the aim of the report is to provide information to stakeholders which is relevant and useful and not necessarily an attempt to meet all of the reporting requirements of the guidelines named above.

Sustainability reporting is the practice of measuring, disclosing and being accountable to internal and external stakeholders for organisational performance towards the goal of sustainable development. "Sustainability reporting" is a broad term considered synonymous with others used to describe reporting on economic, environmental and social impacts (e.g. triple bottom line, corporate responsibility reporting, etc).

CEO STATEMENT (Relevance of sustainability to the organisation and its strategy)

PSG Konsult is committed to acting as a socially responsible company in our global community. This means that we will fully comply with the laws, rules and regulations of the countries in which we operate. It also means that we will go further by continually evaluating our business practices using the principle of sustainability.

At the heart of sustainability lies the desire to maintain a balance between the economic, environmental and social needs of our world today, without compromising the opportunities of future generations. We want PSG Konsult to always be associated with a respect for human rights, safe work conditions, and environmentally sound business practices, for our own organisation and those with whom we partner.

CORPORATE GOVERNANCE AND ETHICS

PSG Konsult maintains extensive ethics and corporate governance structures. These include but are not limited to the board of directors, board committees, articles and by-laws of the company, as well as legislative, regulative and statutory requirements. We also actively communicate and enforce a detailed Code of Business Conduct for all employees and provide numerous communication channels through which employees, subject to law, can report possible code violations.

a) Code of conduct

Please refer to page 2 of the annual report for PSG Konsult's code of conduct.

b) Compliance

PSG Konsult has specialist knowledge that adds value to compliance. A practical approach is followed concerning the business activities of its staff, but ensures that documentation complies with legal requirements. All compliance administration costs are carried by the company.

Compliance officers represent PSG Konsult's interest on all regulating forums and ensure complete support to financial planners in the case of claims. The financial planner can also depend on a compliance manual, free professional liability cover, regular updating of records as required and direct contact with compliance officers.

c) Corporate governance

Convergence is being driven by the view that boards have a fiduciary responsibility to address risks and CSR is fundamentally about risk management. CSR converges with governance at the values level. However, it is agreed that because the nature of CSR management can differentiate company performance, it is relevant to corporate governance. Effective management of CSR risks and opportunities can improve financial results thereby warranting governance.

d) Disclosure of financial information

- **Regular information about activities, structure, financial situation, business results**
  The PSG Konsult Group communicates information about activities, structure, financial situation and business results by way of publishing the following reports:

  Interim financial results – Drafted on the guidelines set per IAS 34 as at 31 August of each financial year.
  Review/provisional financial results – Added to the PSG Konsult website as soon as provisional results for the financial year are approved by the board of directors following the year-end audit.
  Annual report – Prepared in accordance with International Financial Reporting Standards (IFRS). The annual report for the year ended 28 February 2011 was printed on Cocoon Offset, a FSC-certified 100% recycled paper and A5 paper size used in order to promote the protection of the environment.
  Annual general meeting – In terms of the Companies Act and sound corporate governance, an annual general meeting is held at which the annual financial statements and reports are adopted and any member of the company is entitled to attend, speak and vote.
  Press releases (mergers and acquisitions) – For the sake of transparency and clear communication, PSG Konsult issues press releases to inform all of its stakeholders of material mergers and acquisitions, including details regarding the strategic fit to the group's operations and the possible growth opportunities.

  All of the above reports are added to the group's website (www.psgkonsult.co.za) and distributed to all shareholders by mail or e-mail depending on preference.

- **High standards of quality in reporting, accounting and auditing**
  To ensure the quality of reporting and accounting accuracy in general, PSG Konsult has established a fully fledged Finance Department staffed by skilled and experienced accountants, including a number of qualified chartered accountants.

  The quality of reporting is enhanced by the engagement of a professional graphic design firm and a shareholder communication firm, which assists PSG Konsult in drafting the reports referred to above.

  PSG Konsult retained the services of PricewaterhouseCoopers (AAA Empowerdex rating Level 2 Contributor) as its external auditor, a highly respected and reputable firm with a worldwide presence.

- **Publication of basic information on the parent company, its main affiliates, its percentage ownership, direct and indirect in these affiliates, including shareholdings between them.**
  This information is included in the detailed notes to the annual financial statements and more specifically the notes on investments in associated companies and interest in subsidiaries. The PSG Konsult website also includes information about the PSG Konsult Group, its services and affiliates.

e) Taxation

Punctual payment of tax debts: PSG Konsult's Finance Division is responsible for drafting of all income tax and VAT returns and payments. To ensure punctual payment of taxes, a status report on provisional and final taxes are presented to the finance and risk committee which meets twice yearly.

For the 2010/2011 tax year PSG Konsult made the following contribution to the larger economy by paying (directly and indirectly) the following taxes:

• Corporate income tax	R47,2 million
• Secondary tax on companies (STC)	R6,5 million
• Net value-added tax (VAT) paid	R80,7 million
• Pay-as-you-earn (PAYE)	R93,6 million
• Skills development levy	R3,8 million
• Unemployment Insurance Fund (UIF)	R2,4 million

f) Combating corruption

- **No payments to officials or employees of business partners**
  PSG Konsult only transacts with reputable business partners and all payments to such partners are made by the Finance Department. Payments from the Finance Department are subject to internal controls over payments, including segregation of duties, dual signatories, limited access to payment systems and monthly reconciliations.

- **Introduction of management control systems which discourage bribery and corruption**
  In combating bribery and corruption, PSG Konsult has established the following committees and divisions with:
  Executive committee – Overall review of financial results, including questioning of unusual or unexpected expenditures or payments.

Internal audit function – The group has appointed a qualified chartered accountant to head up its Internal Audit Function which performs investigations and internal audits on a selection basis.
Compliance officer – The Compliance Division is headed by a qualified advocate and completes a number of compliance audits across all of the group's offices and advisors.

- **No illegal donations to candidates for public office or political parties**
  PSG Konsult subscribes to a company-wide code of conduct which is published on its website and directs the manner in which business is conducted.

g) Competition
No anti-competitive agreements: In acting as a registered financial services provider, PSG Konsult has a policy to only place business with approved product suppliers. This is achieved through the PSG Konsult product committee which approves all products prior to being offered to our clients. Furthermore, all broker codes registered with product houses are signed off by the Chief executive: Finance of the PSG Konsult Group.

DIVERSITY

PSG Konsult strives to value and respect the individual differences of our employees, clients and business partners and is committed to achieving diversity in our workforce. We believe that a diverse workforce provides employees with a better place to work and our company with a competitive business advantage. The company actively seeks out and implements programmes designed to foster mutual respect and achievement of personal success, striving for all individuals to reach their full potential.

Valuing diversity is a core value of PSG Konsult, an important corporate social responsibility which impacts how we service our clients, how we recruit candidates and how we become better corporate citizens. As a leading staffing provider, PSG Konsult has made a commitment to develop a diverse workforce that is representative of the communities in which we reside.

PSG Konsult's diversity objectives are paving the way for a new generation of employees that have a better sense of awareness, tolerance and a greater understanding of the world around us by focusing on:

Awareness and diversity of thought – PSG Konsult Academy established formal training in 2009 for internal employees to gain a better understanding of diversity and raise awareness among our peers and our customers. The programme focuses on diversity of thought, thought leadership, self-awareness and inclusion. Internal employees at PSG Konsult – from leadership to new employees – participate in these training programmes.

HUMAN RIGHTS AND LABOUR STANDARDS

PSG Konsult is committed to uphold the human rights of workers and to treat them with dignity and respect. The company's commitment includes adhering to and recognising the critical importance of standards regarding freely chosen employment, child labour, discrimination, harsh or inhumane treatment, minimum wages, working hours, and freedom of association.

In addition to adhering to the above requirements and standards, PSG Konsult does not tolerate retaliation against anyone who reports in good faith through the appropriate channels a suspected violation of any provision of the above statement or any other irregularities.

a) General principles

- **Respect of human rights**
  In the PSG Konsult Group we are committed to:
  - supporting and respecting the protection of internationally proclaimed human rights;
  - ensuring that we are not complicit in human rights abuses;
  - upholding the freedom of association and the effective recognition of the right to collective bargaining;
  - eliminating all forms of forced and compulsory labour;
  - elimination of discrimination in respect of employment and occupation; and
  - working against all forms of corruption, including extortion and bribery.

- **Enhancement of human capital through creation of employment and promotion of employee education and training**
  Even with the economic downturn, PSG Konsult Group continues to invest in our workforce – providing our employees with skills training, health and wellness programmes and opportunities to gain experience. The budget in respect of the new financial year for training and development is in excess of R5 million.

- **No discrimination or disciplinary measures against employees who in good faith report to management or the relevant authorised practices which infringe the law, the guidelines or company policy**
  In the PSG Konsult Group's personnel policy, all forms of discrimination in respect of disciplinary measures, employment and occupation are addressed.

- **No demands for exemptions from ecological or social standards**
  PSG Konsult Group is committed to making no demands for exemptions from ecological or social standards and the group supports a precautionary approach to environmental challenges.

- **No improper involvement in local political activities**
  The PSG Konsult Group is committed not to engage in any improper involvement in local political activities.

b) Employment

- **Increasing employment possibilities and standards**
  PSG Konsult has established a recruitment bureau and a recruitment policy in order to increase employment possibilities and standards.

- **Promoting equality of opportunity and equal treatment in employment**
  PSG Konsult has submitted an Employment Equity Plan on 3 January 2011 as required by the Department of Labour. The workforce profile for 2011 indicates that we had a 11% growth in staff overall, of which 21% is black (designated employees) and 47% female (designated employees).

  The PSG Konsult Limited employment equity committee was elected and approved by EXCO. Employee representatives from all different disciplines in the business have been included.

- **Avoiding arbitrary dismissal procedures**
  PSG Konsult has a personnel policy which includes a disciplinary code of conduct. In this code all formal arbitrary dismissal procedures are addressed.

c) Employment/Social partners

- **Worker rights for trade union representatives**
  PSG Konsult acknowledges the rights for trade of all workers. Freedom of association is also acknowledged in the organisation's personnel policy.

- **Abolition of child forced labour**
  No child labour in any form is allowed in the organisation.

- **Ban on discrimination**
  All staff are aware that there are explicit policies against discrimination in hiring, remuneration, promotion, training or termination of employment of any employee on the basis of gender, race, age, ethnicity, disability, sexual orientation or religion. The organisation does not tolerate jokes or behaviour in the workplace that insults employees on the basis of gender, race, age, ethnicity, disability or sexual orientation.

- **Promotion of effective collective agreements**
  Various committees have been established in PSG Konsult in order to promote effective collective agreements. These committees include a remuneration committee, employment equity committee, human resource committee and an audit committee.

- **Duty of information towards workers and their representatives**
  PSG Konsult realises that the organisation has a responsibility towards the provision of information to all employees and their representatives. For this reason the organisation has created an intranet where all relevant communication (including the personnel policy) is displayed. All personnel have access to the intranet.

- **Employment of local personnel/training measures to improve the level of qualifications**
  In PSG Konsult's recruitment policy, the employment and training of internal staff are confirmed. All positions are firstly advertised internally on the intranet to give internal staff the opportunity to apply for such positions.

  Several internal training programmes are facilitated by PSG Konsult Academy in order to develop the skills of all personnel. These training programmes are focused on all levels of the organisation.

d) Working conditions

- **No pay, benefits or working conditions which are less favourable than those enjoyed by comparable workers in the host country**
  All salaries are market related and normal increases, based on inflation and performance, are instituted by the remuneration committee every year.

- **Adequate wages so that workers and their families can meet their basic needs**
  Market-related salaries are being paid to all employees.

- **The highest health and safety standards**
  All PSG Konsult staff are working in offices which comply with health and safety standards as stipulated by the Occupational Health and Safety Act.

e) Knowledge and technology

- **Promotion of know-how transfer and training**
  PSG Konsult Group has provided training opportunities for all levels of staff in the organisation. A total of R5 million has been budgeted for PSG Konsult Academy to do training in the organisation during the coming financial year.

  Training in life management, retirement planning and care of dependants have also been conducted in the organisation.

f) Labour relations

- **Freedom of workers to organise and associate**
  As stipulated by the personnel policy, all employees of PSG Konsult have the freedom to organise and associate.

- **Right of workers to make complaints without suffering disadvantages**
  The grievance procedure in the PSG Konsult personnel policy makes provision for all employees in the PSG Konsult Group to complain. The policy also makes provision for employees to be assured that they will not suffer any disadvantages as a result of the complaint.

HEALTH AND SAFETY

PSG Konsult endorses the principle that the quality of products and services, and employees' morale are enhanced by a safe and healthy work environment. PSG Konsult maintains health and safety programmes for its facilities.

All PSG Konsult staff are working in offices which comply with health and safety standards as stipulated by the Occupational Health and Safety Act.

COMMUNITY AND ENVIRONMENTAL INVOLVEMENT

PSG Konsult strives to understand and respect the cultural values and laws wherever we operate. PSG Konsult actively supports important initiatives in those communities where our employees live and work.

This commitment is visible in our support for the Wildlands Indigenous Trees for Life Programme, as well as various projects with good causes on a regional basis. We also encourage our employees to support initiatives that are important to them.

PSG Konsult Corporate

With regard to black economic empowerment, we are of the opinion that this is not a political need but an economic necessity. To this end we have created PSG Konsult Corporate Limited, a black-owned brokerage in which we have an interest. With our assistance and that of our financial planners, we aim to build this brokerage to the betterment of the financial future of our country.

Wildlands Conservation Trust

The Wildlands Conservation Trust was founded in KwaZulu-Natal, but has since found its way to the Western Cape through an innovative project called the Indigenous Trees for Life Programme, in conjunction with PSG Konsult, PSG Konsult Corporate and Spier.

This programme empowers local communities to grow their own trees for the upliftment of the community. At the same time they also contribute to the environment by assisting, amongst others, with reforestation projects.

For more information visit the following website: www.wildlands.co.za/home.aspx

BADISA

BADISA is a Tswana word that means “shepherd” and “caretaker”. The name is a combination of three Afrikaans words, BARMHARTIGHEID (compassion), DIENS/DIAKONAAT (service/diaconate) and SAAM (together). BADISA strives towards rendering a quality service to people and communities and achieves this through:

- comprehensive developmentally focused social service programmes which are aimed at enabling people to function optimally; and
- developing effective networks for distress relief and poverty alleviation.

At PSG Konsult we have committed ourselves to supporting BADISA for an initial three-year period in order to develop skills, train personnel and volunteers and monitor the results through ISUMASA (project division of BADISA), thereby improving sustainability by managing smarter.

Learnership Programmes

PSG Konsult offers learnerships in conjunction with PSG Konsult Academy and INSETA for trainee financial planners, short-term brokers and stockbrokers.

The one-year learnership entails an on-the-job training programme whereby the trainee is placed within the office of a successful financial planner, short-term broker or stockbroker who acts as principal. Formal training and assessment is done via PSG Konsult Academy.

Report by the chief executive officer

Revenue increased by **17,7%** to **R982 million** with profit after tax growing by **5,8%** and headline earnings increasing by **2,4%.**

FINANCIAL RESULTS

The market conditions under which financial services companies operated during 2010/2011 remained challenging. PSG Konsult's diversified business segments led to the maintaining of profitability, with a modest increase of 2,4% in headline earnings.

A contributing factor to the modest growth in headline earnings was the subdued trading in derivative instruments.

On a per share basis headline earnings increased by 2,5% and adjusted headline earnings increased by 5,0% (adjusted for the impact of amortisation on intangible assets).

Notably, recurring headline earnings increased by 3,8% to R89,9 million.

* *Information in this report based on normalised consolidated statement of comprehensive income.*

KEY BUSINESS DEVELOPMENTS

The PSG Konsult Group has continued its strategy of growth through acquisitions which included:

- The acquisition of Diagonal Insurance on 1 September 2010. The acquisition added premium income of R175 million per year and some 12 000 short-term and administration services clients.
- Following the 28 February 2011 year-end, the operations of PSG Fund Management, PSG Alphen, PSG Tanzanite, PSG Absolute Investments and PSG Future Wealth were amalgamated with that of PSG Konsult on 1 March 2011. The merge will promote the sharing of resources and skills with the goal of improved service delivery. The transaction structured in the form of a share swop, will be positioned under a newly incorporated company, PSG Asset Management.

Other highlights included the establishment of the E-Business segment operating under PSG Online (a wholly owned subsidiary of PSG Konsult). This is a full online platform providing a single gateway to all of PSG Konsult's financial services including share trading, short-term insurance, investments and financial planning.

DISTRIBUTION TO SHAREHOLDERS

A dividend of 2,8 cents per share (2010: dividend of 2,8 cents) was paid to shareholders at the interim stage. The directors have declared a final dividend of 6.0 cents (2010: 5,5 cents) per share (giving a total dividend of 8,8 cents per share – 2010: 8,3 cents) subsequent to year-end.

Willem Theron
Chief executive officer

THE YEAR AHEAD

Indications are that consumer confidence is improving and that economic activity is rising. However, the recent energy rate hikes and increased fuel prices may lead to inflation rising, which may cause increased interest rates. All of these factors will impact consumers' expendable income.

In the new financial year PSG Konsult will embark on the following actions:

- Incorporation of the PSG Asset Management activities into the larger PSG Konsult Group and optimising gains/advantages from synergies between the individual businesses.
- Enhance the E-Business platform and range of online services.
- The PSG Konsult Group will in future operate under four main business segments, being Trade, Invest, Plan and Insure. These business segments will be distributed under three brands, namely PSG Konsult, PSG Online and PSG Asset Management.

A WORD OF THANKS

I would like to personally thank our directors, management, advisors and staff for their diligence and hard work during these challenging market conditions. Our people are our strength.

Willem Theron
Chief executive officer

Hermanus
20 May 2011

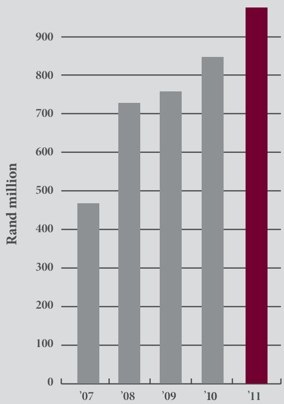
Normalised consolidated statement of comprehensive income (unaudited)

	2011 R000	2010 R000
Income		
Commission and other fee income	**954 008**	811 616
Other income	**17 418**	21 923
Investment income	**36 573**	54 684
Net fair value gains and losses on financial instruments	**10 112**	1 153
Total income	**1 018 111**	889 376
Expenses		
Operating expenses (excluding amortisation of intangible assets)	**(833 934)**	(693 405)
Amortisation of intangible assets	**(21 590)**	(15 789)
Net income from operating activities	**162 587**	180 182
Finance charges	**(29 461)**	(44 396)
Share of profits of associated companies	**2 013**	1 991
Net income before taxation	**135 139**	137 777
Taxation	**(36 173)**	(44 207)
Net income of the group	**98 966**	93 570
Other comprehensive expense net of taxation	**(1 465)**	(748)
Exchange differences on translating foreign operations	**(240)**	(1 170)
Fair value gains on available-for-sale investments	**–**	1 785
Release of reserve on available-for-sale investments	**(1 225)**	(1 363)
Total comprehensive income for the period	**97 501**	92 822
Profit for the period attributable to:		
Ordinary shareholders' interests	**93 804**	91 805
Non-controlling interests	**5 162**	1 765
	98 966	93 570
Comprehensive income for the period attributable to:		
Ordinary shareholders' interests	**92 339**	91 057
Non-controlling interests	**5 162**	1 765
	97 501	92 822
Normalised headline earnings reconciliation		
Attributable to ordinary shareholders	**93 804**	91 805
Non-headline items	**(2 294)**	(2 404)
Normalised headline earnings	**91 510**	89 401

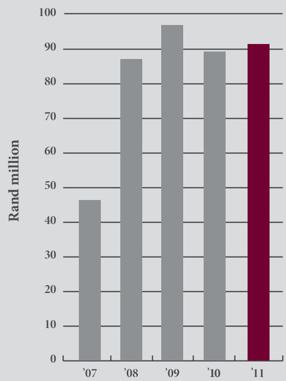
* *Normalised consolidated statement of comprehensive income to reflect the performance of PSG Konsult without the restated effect of predecessor accounting for the acquisition of PSG Prime on 1 March 2010.*

RESULTS FOR THE YEAR ENDED 28 FEBRUARY 2011	2011 R000	Change %	2010 R000
Revenue*	**981 538**	17,59	834 692
Headline earnings	**91 510**	2,36	89 401
Headline earnings per share (cents)	**12,5**	2,46	12,2
Adjusted headline earnings per share (cents)**	**14,6**	5,04	13,9
Distribution to shareholders (cents)	**8,8**	6,02	8,3
Interim dividend paid 29 October 2010	**2,8**	–	2,8
Final dividend paid – proposed	**6,0**	9,09	5,5
Net asset value per share (cents)	**66,9**	5,02	63,7
Funds under administration (Rbn) *(JSE year-on-year increase 20,6%)*	**97,3**	34,39	72,4

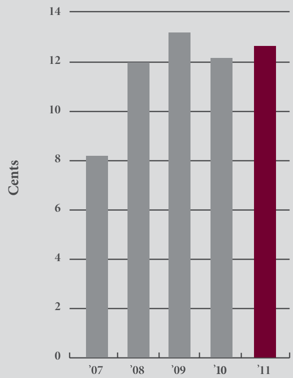
* *Revenue consists of commission and other fee income, fair value gains/losses on financial instruments and other income*
** *Headline earnings adjusted for amortisation of intangibles net of non-controlling interest and tax*
*** *Information based on normalised consolidated statement of comprehensive income*



Revenue



Headline earnings



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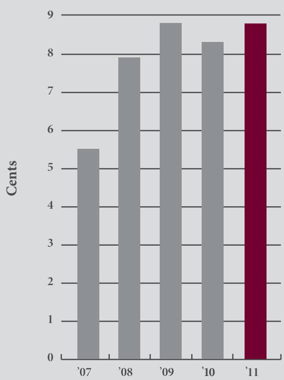
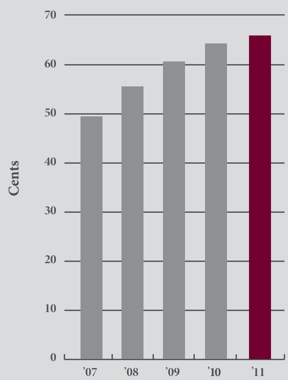
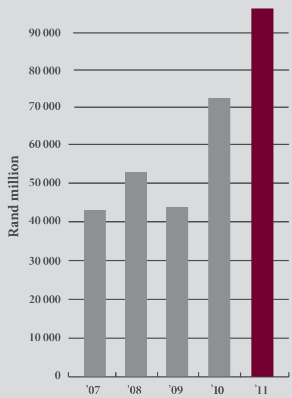


Distribution per share



Net asset value per share



Funds under administration

accountability

Annual financial statements

Statement of responsibility by the board of directors

for the year ended 28 February 2011

The directors are responsible for the maintenance of adequate accounting records and the preparation and integrity of the financial statements and the related information. The auditors are responsible for reporting on the fair presentation of the financial statements. The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the South African Companies Act.

The directors consider that in preparing the financial statements they have used the most appropriate policies, consistently applied and supported by reasonable and prudent judgements and estimates and IFRS that they consider to be applicable have been followed.

The directors are satisfied that the information contained in the financial statements fairly presents the results of operations and cash flows for the period and the financial position of the group at year-end. The directors also prepared the other information included in the annual report and are responsible for both its accuracy and its consistency with the financial statements.

The directors are responsible for ensuring that accounting records are kept. The accounting records should disclose with reasonable accuracy the financial position of the companies to enable the directors to ensure that the financial statements comply with the relevant legislation.

The directors are also responsible for the group and company's system of internal financial controls. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect misstatement and loss. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The financial statements have been prepared on the going concern basis, since the directors have every reason to believe that the group and company have adequate resources in place to continue in operation for the foreseeable future.

The group's external auditors, PricewaterhouseCoopers Inc, have audited the financial statements and their report is set out on page 31.

The financial statements, set out on pages 32 to 108, were approved by the board of directors and are signed on its behalf.

J de V du Toit
Chairman

W Theron
Chief executive officer

TW Biesenbach
Chief operating officer

20 May 2011

Secretarial certification

In accordance with section 268G(d) of the South African Companies Act, Act 61 of 1973, as amended ("the Act"), it is hereby certified that the company has lodged with the Registrar of Companies all such returns as are required of a public company in terms of the Act and that such returns are true, correct and up to date.

HB Lindes (on behalf of PSG Konsult Management Services (Proprietary) Limited)
Company secretary

20 May 2011

Independent auditor's report

to the members of PSG Konsult Limited

We have audited the group annual financial statements and annual financial statements of PSG Konsult Limited, which comprise the consolidated and separate statements of financial position as at 28 February 2011, and the consolidated and separate income statements and consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the directors' report, as set out on pages 32 to 108.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements fairly present, in all material aspects, the consolidated and separate financial position of PSG Konsult Limited as at 28 February 2011, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.

PricewaterhouseCoopers Inc

PricewaterhouseCoopers Inc
Director: DG Malan
Registered Auditor

Cape Town
20 May 2011

Report of the board of directors

for the year ended 28 February 2011

NATURE OF BUSINESS

PSG Konsult Limited is the holding company of various operating subsidiaries engaged in the provision of financial services including investment management, stockbroking, insurance and investment broking, financial planning and advice, healthcare brokerage and administration.

PSG Konsult Limited is incorporated in the Republic of South Africa and is a public company trading over the counter.

FINANCIAL RESULTS

The operating results and the state of affairs of the group and company are fully set out in the statements of financial position, income statements, statements of comprehensive income, statements of changes in equity, statements of cash flows and notes thereto.

PEOPLE

At year-end PSG Konsult had 216 (2010: 209) offices with 642 (2010: 548) financial planners, stockbrokers and short-term insurance brokers. Our professional associates (accountants and attorneys) numbered 378 (2010: 322).

DIVIDENDS

An interim dividend of 2,8 cents per share was paid to shareholders in October 2010 (2009: 2,8 cents per share).

A final dividend of 6,0 cents per share (2010: 5,5 cents per share) was declared by PSG Konsult Limited after year-end (14 April 2011) and was payable on 5 May 2011. No provision has been included in the financial statements.

SHARE CAPITAL

Details of the authorised and issued share capital appear in note 12 to the financial statements. In total 2 688 700 shares were issued during the year ended 28 February 2011. The company acquired 100 000 (2010: 2 595 928) of its own shares during the year through purchases over the counter at an average price of R1,47 (2010: R1,39) per share and these shares were cancelled.

EVENTS AFTER THE REPORTING DATE

Other than the acquisitions and the incentive scheme disclosed in note 28 on pages 103 to 104, no other matter which is material to the financial affairs of the group and company has occurred between 28 February 2011 and the date of approval of the financial statements.

HOLDING COMPANY

The company's holding company is PSG Investment Services (Proprietary) Limited (a company incorporated in the Republic of South Africa). Its ultimate holding company is PSG Group Limited (a company incorporated in the Republic of South Africa and listed on the Johannesburg Stock Exchange).

DIRECTORS

The directors of the company at the date of this report appear on pages 8 to 9.

DIRECTORS' EMOLUMENTS

The following directors' emoluments were paid by subsidiaries of the company for the year ended 28 February 2011:

Cash-based remuneration	Basic salary R000	Bonuses and performance-related payments R000	Expense allowances R000	Company con-tributions R000	**Total 2011 R000**	Total 2010 R000
Executive	11 606	5 894	812	845	**19 157**	16 706
Non-executive	4 412	–	–	125	**4 537**	5 427
	16 018	5 894	812	970	**23 694**	22 133

SHAREHOLDING OF DIRECTORS

The shareholding of directors in the company as at 28 February 2011 was as follows:

	Beneficial		Non-beneficial		**Total shareholding 2011**		Total shareholding 2010	
	Direct	Indirect	Direct	Indirect	**Number**	**%**	Number	%
TW Biesenbach	3 000 000	–	–	32 500	**3 032 500**	**0,4**	3 032 500	0,4
CA de Bruyn	–	–	–	3 915 577	**3 915 577**	**0,5**	3 915 577	0,5
T Cloete	–	–	–	767 000	**767 000**	**0,1**	517 000	0,1
J de V du Toit	–	–	–	5 125 000	**5 125 000**	**0,7**	5 125 000	0,7
DPB Hugo	3 670 916	–	–	653 281	**4 324 197**	**0,6**	4 324 197	0,6
RN King	842 400	–	–	959 600	**1 802 000**	**0,2**	1 802 000	0,2
DJ Klopper	–	1 922 268	–	–	**1 922 268**	**0,3**	1 848 268	0,3
TA Landman	5 090 500	–	–	266 326	**5 356 826**	**0,7**	5 356 826	0,7
HB Lindes	100 000	–	–	–	**100 000**	**0,0**	–	0,0
A Oberholster*	–	–	–	–	**–**	**0,0**	55 466	0,0
H Pieters	–	731 652	–	–	**731 652**	**0,1**	701 652	0,1
W Theron	–	–	–	21 500 000	**21 500 000**	**2,9**	21 000 000	2,9
WV Waldeck	–	9 000 000	–	–	**9 000 000**	**1,2**	8 600 000	1,2
Total shareholding	12 703 816	11 653 920	–	33 219 284	**57 577 020**	**7,9**	56 278 486	7,7

** Remained ordinary shareholder*

SECRETARY

The secretary of the company is HB Lindes (on behalf of PSG Konsult Management Services (Proprietary) Limited), whose business and postal addresses are:

Suite 2/1
Hemel and Aarde Craft Village
Corner Hemel and Aarde and Main Road
Hermanus
7200

PO Box 1743
Hermanus
7200

SUBSIDIARIES

Details of the company's interest in subsidiary companies are set out in note 29. The interests in associated companies were considered significant in the light of the group's financial results and are set out in note 5.

INDEPENDENT AUDITORS

PricewaterhouseCoopers Inc will continue in office in accordance with section 270(2) of the South African Companies Act.

SPECIAL RESOLUTION

The following special resolution was passed by the company during the year under review:

- The company is authorised to repurchase any shares issued under general approval till the next annual general meeting.

No special resolutions were passed by subsidiaries during the year under review which are material to the group.

Statements of financial position

as at 28 February 2011

		GROUP		COMPANY	
			Restated		
		2011	2010	**2011**	2010
	Notes	**R000**	R000	**R000**	R000
ASSETS					
Intangible assets	2	**727 884**	533 621	**–**	–
Property and equipment	3	**25 925**	23 358	**–**	–
Investment in subsidiaries	4	**–**	–	**447 507**	421 854
Investment in associated companies	5	**13 492**	10 505	**2 000**	1
Deferred income tax	6	**4 483**	4 630	**2 170**	2 215
Financial assets					
Equity securities	7	**345**	1 789	**–**	1 549
Loans and advances	8	**41 583**	31 808	**66 659**	69 595
Derivative financial instruments	9	**6 023**	78 156	**–**	–
Receivables	10	**147 976**	127 282	**116 457**	134 303
Cash and cash equivalents	11	**279 825**	150 150	**7 665**	24 258
Current income tax assets		**2 312**	1 782	**–**	67
Total assets		**1 249 848**	963 081	**642 458**	653 842
CAPITAL AND RESERVES ATTRIBUTABLE TO THE COMPANY'S EQUITY HOLDERS					
Share capital	12	**7 331**	7 305	**7 331**	7 305
Share premium	12	**346 032**	342 255	**346 032**	342 255
Other reserves		**(146 246)**	(144 781)	**–**	1 225
Retained earnings		**283 604**	250 646	**24 663**	22 473
Ordinary shareholders' equity		**490 721**	455 425	**378 026**	373 258
Non-controlling interests		**10 787**	2 853	**–**	–
Total equity		**501 508**	458 278	**378 026**	373 258
LIABILITIES					
Deferred income tax	6	**67 507**	52 977	**–**	–
Financial liabilities					
Borrowings	13	**209 687**	137 519	**249 891**	269 810
Derivative financial instruments	9	**5 988**	75 893	**–**	–
Trade and other payables	15	**454 778**	227 910	**14 541**	10 774
Provisions for other liabilities and charges	14	**5 945**	5 226	**–**	–
Current income tax liabilities		**4 435**	5 278	**–**	–
Total liabilities		**748 340**	504 803	**264 432**	280 584
Total equity and liabilities		**1 249 848**	963 081	**642 458**	653 842

INCOME STATEMENTS

for the year ended 28 February 2011

	Notes	GROUP 2011 R000	GROUP Restated 2010 R000	COMPANY 2011 R000	COMPANY 2010 R000
INCOME					
Commission and other fee income	16	**954 008**	818 189	**–**	–
Investment income	17	**36 573**	54 985	**72 450**	77 245
Net fair value gains and losses on financial instruments	18	**10 112**	5 919	**1 366**	1 296
Other income	19	**17 418**	21 923	**12 698**	9 725
Total income		**1 018 111**	901 016	**86 514**	88 266
EXPENSES					
Marketing, administration and other expenses	20	**(855 524)**	(714 705)	**(6 383)**	(1 633)
Total expenses		**(855 524)**	(714 705)	**(6 383)**	(1 633)
Results of operating activities		**162 587**	186 311	**80 131**	86 633
Finance costs	21	**(29 461)**	(44 530)	**(16 786)**	(12 108)
Share of profits of associated companies	5	**2 013**	2 275	**–**	–
Profit before taxation		**135 139**	144 056	**63 344**	74 525
Taxation	22	**(36 173)**	(45 530)	**(309)**	980
Profit for the year		**98 966**	98 526	**63 036**	75 505
Attributable to:					
– Ordinary shareholders' interests		**93 804**	96 761	**63 036**	75 505
– Non-controlling interests		**5 162**	1 765	**–**	–
		98 966	98 526	**63 036**	75 505
Earnings per share (cents)					
Basic and diluted	23	**12,80**	13,25		

Statements of comprehensive income

for the year ended 28 February 2011

	Notes	GROUP 2011 R000	GROUP Restated 2010 R000	COMPANY 2010 R000	COMPANY 2010 R000
Profit for the year		**98 966**	98 526	**63 036**	75 505
Other comprehensive income					
Exchange differences on translating foreign operations		**(240)**	(1 169)	**–**	–
Fair value gains on available-for-sale investments		**–**	1 785	**–**	1 785
Recycling adjustment on available-for-sale investments		**(1 225)**	(5 449)	**(1 225)**	(1 364)
Other comprehensive (loss)/income for the year, net of tax	22	**(1 465)**	(4 833)	**(1 225)**	421
Total comprehensive income for the year		**97 501**	93 693	**61 811**	75 926
Attributable to:					
– Ordinary shareholders' interests		**92 339**	91 928	**61 811**	75 926
– Non-controlling interests		**5 162**	1 765	**–**	–
		97 501	93 693	**61 811**	75 926

Statements of changes in equity

for the year ended 28 February 2011

GROUP	Share capital and premium R000	Common control reserve R000	Fair value reserve R000	Translation reserve R000	Retained earnings R000	Non-controlling interests R000	Total R000
	Attributable to equity holders of the group						
		Other reserves					
Balance at 1 March 2009 (as previously stated)	353 169	(128 721)	704	(319)	219 105	2 495	446 433
Restatement – Predecessor accounting	–	(15 797)	4 185	–	792	–	(10 820)
Balance at 1 March 2009 (Restated)	353 169	(144 518)	4 889	(319)	219 897	2 495	435 613
Comprehensive income							
Profit for the year	–	–	–	–	96 761	1 765	98 526
Other comprehensive income							
Fair value gains on available-for-sale investments	–	–	1 785	–	–	–	1 785
Recycling adjustment on available-for-sale investments	–	–	(5 449)	–	–	–	(5 449)
Exchange differences on translating foreign operations	–	–	–	(1 169)	–	–	(1 169)
Total other comprehensive income	–	–	(3 664)	(1 169)	–	–	(4 833)
Total comprehensive income	–	–	(3 664)	(1 169)	96 761	1 765	93 693
Transactions with owners							
Acquired from non-controlling interests	–	–	–	–	–	(264)	(264)
Shares repurchased	(3 609)	–	–	–	–	–	(3 609)
Dividend paid to previous owners	–	–	–	–	(1 500)	–	(1 500)
Dividend paid	–	–	–	–	(64 512)	(1 143)	(65 655)
Total transactions with owners	(3 609)	–	–	–	(66 012)	(1 407)	(71 028)
Balance at 28 February 2010	349 560	(144 518)	1 225	(1 488)	250 646	2 853	458 278
Comprehensive income							
Profit for the year	–	–	–	–	**93 804**	**5 162**	**98 966**
Other comprehensive income							
Recycling adjustment on available-for-sale investments	–	–	**(1 225)**	–	–	–	**(1 225)**
Exchange differences on translating foreign operations	–	–	–	**(240)**	–	–	**(240)**
Total other comprehensive income	–	–	**(1 225)**	**(240)**	–	–	**(1 465)**
Total comprehensive income	–	–	**(1 225)**	**(240)**	**93 804**	**5 162**	**97 501**
Transactions with owners							
Issue of share capital	**3 950**	–	–	–	–	–	**3 950**
Shares repurchased	**(147)**	–	–	–	–	–	**(147)**
Dividend paid	–	–	–	–	**(60 846)**	**(3 740)**	**(64 586)**
Non-controlling interest arising on business combination	–	–	–	–	–	**6 512**	**6 512**
Total transactions with owners	**3 803**	–	–	–	**(60 846)**	**2 772**	**(54 270)**
Balance at 28 February 2011	**353 363**	**(144 518)**	–	**(1 728)**	**283 604**	**10 787**	**501 508**

Statements of changes in equity

for the year ended 28 February 2011

COMPANY	Attributable to equity holders of the company Share capital and premium R000	Other reserves Common control reserve R000	Fair value reserve R000	Trans-lation reserve R000	Retained earnings R000	Non-controlling interests R000	Total R000
Balance at 1 March 2009	353 169	–	804	–	11 480	–	365 453
Comprehensive income							
Profit for the year	–	–	–	–	75 505	–	75 505
Other comprehensive income							
Fair value gains on available-for-sale investments	–	–	1 785	–	–	–	1 785
Recycling adjustment on available-for-sale investments	–	–	(1 364)	–	–	–	(1 364)
Total other comprehensive income	–	–	421	–	–	–	421
Total comprehensive income	–	–	421	–	75 505	–	75 926
Transactions with owners							
Shares repurchased	(3 609)	–	–	–	–	–	(3 609)
Dividend paid	–	–	–	–	(64 512)	–	(64 512)
Total transactions with owners	(3 609)	–	–	–	(64 512)	–	(68 121)
Balance at 28 February 2010	349 560	–	1 225	–	22 473	–	373 258
Comprehensive income							
Profit for the year	**–**	**–**	**–**	**–**	**63 036**	**–**	**63 036**
Other comprehensive income							
Recycling adjustment on available-for-sale investments	**–**	**–**	**(1 225)**	**–**	**–**	**–**	**(1 225)**
Total other comprehensive income	**–**	**–**	**(1 225)**	**–**	**–**	**–**	**(1 225)**
Total comprehensive income	**–**	**–**	**(1 225)**	**–**	**63 036**	**–**	**61 811**
Transactions with owners							
Issue of share capital	**3 950**	**–**	**–**	**–**	**–**	**–**	**3 950**
Shares repurchased	**(147)**	**–**	**–**	**–**	**–**	**–**	**(147)**
Dividend paid	**–**	**–**	**–**	**–**	**(60 846)**	**–**	**(60 846)**
Total transactions with owners	**3 803**	**–**	**–**	**–**	**(60 846)**	**–**	**(57 043)**
Balance at 28 February 2011	**353 363**	**–**	**–**	**–**	**24 663**	**–**	**378 026**

Statements of cash flows

for the year ended 28 February 2011

	Notes	GROUP 2011 R000	GROUP Restated 2010 R000	COMPANY 2011 R000	COMPANY 2010 R000
Cash flows from operating activities					
Cash generated from operating activities	27.1	**269 103**	564 114	**30 815**	14 496
Interest received		**29 360**	52 022	**5 016**	4 341
Dividends received		**7 213**	2 963	**67 434**	72 904
Finance costs		**(29 461)**	(44 530)	**(16 786)**	(12 108)
Taxation (paid)/refunded	27.2	**(46 646)**	(56 379)	**3**	68
Net cash flow from operating activities		**229 569**	518 190	**86 482**	79 701
Cash flows from investing activities					
Purchases of property and equipment		**(11 684)**	(12 990)	**–**	–
Proceeds from disposal of property and equipment		**536**	840	**–**	–
Proceeds from sale of financial assets		**1 415**	311 059	**1 549**	1 724
Purchases of financial assets		**(105)**	(1 000)	**–**	–
Acquisition of intangible assets		**(35 746)**	(15 048)	**–**	–
Disposal of intangible assets		**18 327**	1 193	**–**	–
Acquisition of associated companies	27.4	**(2 000)**	(5 343)	**(2 000)**	–
Acquisition of books of business/subsidiaries, net of cash	27.3	**(91 830)**	(46 199)	**(21 857)**	(21 495)
Net cash flow from investment activities		**(121 087)**	232 512	**(22 308)**	(19 771)
Cash flows from financing activities					
Shares issued		**(230)**	–	**–**	–
Shares repurchased		**–**	(3 609)	**–**	(3 609)
Net proceeds from/(repayments of) borrowings		**85 934**	(725 017)	**(19 921)**	22 885
Dividends paid		**(60 846)**	(66 181)	**(60 846)**	(64 512)
Dividends paid to non-controlling interests		**(3 740)**	(1 143)	**–**	–
Additional interest acquired from non-controlling interest	27.5	**–**	(3 919)	**–**	–
Net cash flow from financing activities		**21 118**	(799 869)	**(80 767)**	(45 236)
Net increase/(decrease) in cash and cash equivalents and bank overdrafts		**129 600**	(49 168)	**(16 593)**	14 694
Cash and cash equivalents and bank overdrafts at beginning of year		**150 076**	199 244	**24 258**	9 564
Cash and cash equivalents and bank overdrafts at end of year	27.6	**279 676**	150 076	**7 665**	24 258

1. ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated and company financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The consolidated and company financial statements of PSG Konsult Limited have been prepared in accordance with International Financial Reporting Standards (IFRS) and the manner required by the Companies Act of South Africa. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed further on pages 52 to 53.

Restatement of comparative information

The group's comparative information has been reclassified as follows:
PSG Konsult acquired PSG Prime (Proprietary) Limited with effect from 1 March 2010. The IFRS on business combinations (IFRS 3) does not apply to business combinations effected between parties that are ultimately controlled by the same entity, otherwise known as common control transactions. The company has elected to apply "predecessor accounting" as determined by the principles generally accepted in the United States of America, which is consistent with the basis of reporting applied with the acquisition of Online Securities during 2006.

Predecessor accounting has the following implications:

- The transaction is recorded as if it had taken place at the beginning of the earliest period presented (similar to the recognition of a merger transaction).
- The comparative information included in the PSG Konsult results has thus been restated to include the acquisition of PSG Prime for the full period.
- The assets and liabilities of the acquired business are recognised at the current book values, therefore no restatement of PSG Prime's assets and liabilities to fair value was required.
- The difference between the consideration given and the share capital (including share premium) of the acquired entity is recorded as a separate reserve in the statement of changes in equity ("the common control reserve"). As a result, no goodwill is recognised on acquisition.

Standards, interpretations and amendments to published standards that are effective for the first time in 2010

New and amended standards adopted by the group

- IFRS 3 Revised – Business Combinations (effective July 2009)
  The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared with IFRS 3. For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently remeasured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The group applied the revised standard prospectively from 1 March 2010.

- IAS 27 Revised – Consolidated and Separate Financial Statements (effective July 2009)
  The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is remeasured to fair value, and a gain or loss is recognised in profit or loss. The group applied the revised standard prospectively to transactions with non-controlling interests from 1 March 2010. This resulted in a change in accounting policy, since the group previously treated non-controlling interests as parties external to the group and subsequent to the revision treated non-controlling interests as equity holders.

- IFRIC 17 – Distribution of Non-cash Assets to Owners (effective July 2009)
  This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. IFRS 5 has also been amended to require that assets are classified as held for distribution only when they are available for distribution in their present condition and the distribution is highly probable. The group and company applied the interpretation from 1 March 2010. This interpretation had no impact on the current year's reported results.

New and amended standards not currently relevant to the group's operations

- Amendments to IAS 32 Classification of Rights Issues (effective February 2010)
- Amendments to IAS 39 – Financial Instruments: Recognition and Measurement Eligible Hedged Items (effective July 2009)
- Amendments to IFRS 2 – Group Cash-settled Share-based Payment Transactions (effective January 2010)
- Amendment to IFRIC 9 – Reassessment of Embedded Derivatives and IAS 39 – Financial Instruments: Recognition and Measurement (effective July 2009)
- IFRIC 18 – Transfers of Assets from Customers (effective July 2009)
- AC 504 – IAS 19 (AC 116) – The Limit on a Defined-benefit Asset, Minimum Funding Requirements and their Interaction in the South African Pension Fund Environment (effective April 2009)

The implications of these statements have no impact on measurements of assets and liabilities or disclosures in the current or prior years.

April 2009 annual improvements to IFRS adopted by the group

During the prior year the IFRS committee approved various minor amendments to existing IFRS. The application of these minor amendments has had no material impact on the group's financial statements. These improvements are effective for the first time for 28 February 2011 year-ends.:

- Amendments to IFRS 2 Share-based Payments
- Amendments to IFRS 5 Non-current Assets Held for Sale and Discontinued Operations
- Amendments to IAS 1 Presentation of Financial Statements
- Amendments to IAS 7 Statement of Cash Flows
- Amendments to IAS 12 Income Taxes
- Amendments to IAS 17 Leases
- Amendments to IAS 18 Revenue
- Amendments to IAS 28 Investment in Associates
- Amendments to IAS 31 Investment in Joint Ventures
- Amendments to IAS 36 Impairment of Assets
- Amendments to IAS 38 Intangible Assets
- Amendments to IAS 39 Financial Instruments: Recognition and Measurement
- Amendments to IFRIC 9 Reassessment of Embedded Derivatives
- Amendments to IFRIC 16 Hedges of a Net Investment in a Foreign Operation

May 2010 annual improvements to IFRS adopted by the group

Improvements to IFRSs (Issued May 2010) was issued by the IASB as part the "annual improvements process" resulting in the following amendments to standards issued, but not effective for 28 February 2011 year-ends:

- Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards
- Amendments to IFRS 3 Business Combinations
- Amendments to IFRS 7 Financial Instruments: Disclosures
- Amendments to IAS 1 Presentation of Financial Statements
- Amendments to IAS 27 Consolidated and Separate Financial Statements
  Amendments to IAS 34 Interim Financial Reporting
- Amendments to IFRIC 13 Customer Loyalty Programmes

Standards, interpretations and amendments to published standards that are not yet effective

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the group's accounting periods beginning on or after 1 March 2011 or later periods, but which the group has not early adopted are as follows:

- Amendments to IFRS 7 – Financial Instruments: Disclosures (effective July 2011)
- Amendments to IAS 12 – Income Taxes (effective January 2012)
- IFRS 9 – Financial Instruments (effective January 2013)
  This standard improves and simplifies the approach for classification and measurement of financial assets compared with the requirements of IAS 39. IFRS 9 applies a consistent approach to classifying financial assets and replaces the numerous categories of financial assets in IAS 39, each of which had its own classification criteria. IFRIC 9 also results in one impairment method, replacing the numerous impairment methods in IAS 39 that arise from the different classification categories.
- Amendments to IAS 24 – Related Party Disclosures (effective January 2011)
- Improvements to IFRS 2010 (effective January 2011)
- IFRIC 19: Extinguishing Financial Liabilities with Equity Instruments (effective July 2010)
- Amendments to IFRIC 14: Pre-payments of a Minimum Funding Requirement (effective January 2011)

Management is in the process of assessing the impact of these amendments and standards on the reported results of the group and the company.

Group financial statements

The group annual financial statements comprise those of the company, its subsidiaries and associated companies. Accounting policies of the subsidiaries and associates have been changed where necessary to ensure consistency with policies adopted by the group.

Subsidiaries

Subsidiaries are all entities over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group and are no longer consolidated from the date on which control ceases.

The group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the acquiree's net assets.

If a business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit and loss.

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Transactions with non-controlling interests

The group treats transactions with non-controlling interests as transactions with equity owners of the group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

Accounting for the company's acquisition of the controlling interest in subsidiaries under common control

The IFRS on business combinations (IFRS 3) does not apply to business combinations effected between parties that are ultimately controlled by the same entity, otherwise known as common control transactions. The company has elected to apply the principle of "predecessor accounting", as determined by the generally accepted accounting principles in the United States of America, to such transactions.

The result of operations for the period is presented as though the acquisition of the company's controlling interest through a transaction under common control had occurred at the beginning of the comparative period. The effects of intercompany transactions have been eliminated in determining the results of operations for the period prior to the acquisition of the controlling interest, meaning that those are on substantially the same basis as the results of operations for the period after the acquisition of the controlling interest. Similarly, the consolidated statement of financial position with related notes has been presented as though the assets and liabilities, recorded at predecessor values, of the combining entities had been transferred at the beginning of the comparative period. Therefore no restatement of the acquiree's assets and liabilities to fair value was required.

The difference between the consideration given and the predecessor values are recognised directly in equity in a common control reserve. As a result, no goodwill is recognised on acquisition.

Associated companies

Associated companies are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights, together with other factors such as board participation and participation in the policy-making process. Investments in associated companies are accounted for by the equity method of accounting and are initially recognised at cost. The group's investment in associated companies includes goodwill identified on acquisition (see note 5).

The results of associated companies are accounted for according to the equity method, based on their most recent financial statements or latest management information. Equity accounting involves recognising the group's share of its associated companies' post-acquisition profits or losses in the income statement, and its share of post-acquisition movements in other comprehensive income in the statement of comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the group's share of losses in an associated company equals or exceeds its interest in the associated company, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associated company.

Unrealised gains on transactions between the group and its associated companies are eliminated to the extent of the group's interest in the associated companies. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Cross-holdings between the group and its associates are eliminated in accordance with normal consolidation procedure. Associates' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the group.

Dilution gains and losses arising in investment in associated companies are recognised in the income statement.

After applying the equity method, investments in associated companies are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use.

The company accounts for its investment in associates at cost less provision for impairment.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive committee (EXCO) that makes strategic decisions.

Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the company's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency").

The consolidated financial statements are presented in South African rand, which is the company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement as part of net fair value gains and losses on financial instruments.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale are recognised in the statement of comprehensive income and included in the fair value reserve in equity.

Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- All resulting exchange differences are recognised in the statement of comprehensive income and as a separate component of equity.
- Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions).
- Assets and liabilities are translated at closing exchange rates.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as the foreign entity's assets and liabilities and are translated at the closing rate.

Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method at rates considered appropriate to reduce book values to estimated residual values over the useful lives of the assets, as follows:

Motor vehicles	5 years
Office equipment	5 years
Computer equipment	3 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are included in the income statement.

Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired subsidiary/associated company undertaking at the date of acquisition. Goodwill is reported in the statement of financial position as an intangible asset. Goodwill on acquisition of associated companies is included in investments in associated companies. Goodwill is tested annually for impairment and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The groups of cash-generating units are not larger than operating segments.

An excess of the acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities arises where the net assets of a subsidiary or associate at the date of acquisition, fairly valued, exceed the cost of the acquisition. This excess arising on acquisitions is taken directly to income.

Trademarks

Acquired patents, trademarks and licences are shown at cost less accumulated amortisation and impairment. Amortisation is calculated using the straight-line method over their estimated useful lives, which varies from 5 to 20 years and is reassessed annually. The carrying amount of each cash-generating unit is reviewed for impairment when an impairment indicator is identified.

Customer lists and relationships

Acquired customer lists are shown at cost less accumulated amortisation and impairment. Amortisation is calculated using the straight-line method over their estimated useful lives ranging between 5 and 20 years, which reflect the expected life of the book of business acquired. The carrying amount of each cash-generating unit is reviewed for impairment when an impairment indicator is identified.

Other intangible assets

Other intangible assets consist mainly of intellectual property rights and computer software. Intellectual property rights are carried at cost less accumulated amortisation and impairment. Amortisation is calculated using the straight-line method to allocate the cost of these rights over their estimated useful lives of 20 years.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised using the straight-line method over their estimated useful lives, which does not exceed two years. The carrying amount is reviewed for impairment when an impairment indicator is identified.

Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or when an indicator for impairment is identified. Assets that are subject to amortisation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Financial instruments

Financial instruments recognised on the statement of financial position include equity securities, loans and advances, derivative financial instruments, receivables, cash and cash equivalents, trade and other payables and borrowings. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets

The group classifies its financial assets into the following categories: financial assets at fair value through profit or loss, held-to maturity financial assets, available-for-sale financial assets and loans and advances. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at fair value through profit or loss

This category has two subcategories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Financial assets designated at fair value through profit or loss at inception are those that are managed and whose performance is evaluated on a fair value basis. Information about these financial assets is provided internally on a fair value basis to the group's key management personnel. Derivatives are categorised as held for trading.

Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities – other than those that meet the definition of loans and advances – that the group's management has the positive intention and ability to hold to maturity.

Loans and advances

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the group intends to sell in the short term. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The group's loans and receivables comprise loans and advances, receivables (excluding value added taxation and prepayments) and cash and cash equivalents in the statement of financial position.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

Recognition and measurement of financial assets

Purchases and sales of financial assets are recognised on trade date – the date on which the group commits to purchase or sell the asset. Financial assets not carried at fair value through profit or loss, are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

Held-to-maturity investments are measured at amortised cost using the effective-interest rate method less any impairment, with revenue recognised on an effective yield basis.

Loans and advances are carried at amortised cost using the effective-interest method. Specific provisions are made against specific identified doubtful advances. Loans advanced to associated companies and subsidiaries, which are interest free with no repayment terms, are carried at amortised cost using the effective-interest method. Discounting these loans does not have a material effect on the carrying amount.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Realised and unrealised gains and losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are included in the income statement in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognised in the statement of comprehensive income. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment activities.

Interest on available-for-sale securities calculated using the effective-interest method is recognised in the income statement as part of investment income. Dividends on available-for-sale equity instruments are recognised in the income statement as part of investment income when the group's right to receive payment is established.

The fair values of quoted financial assets are based on current bid prices. If the market for a financial asset is not active, the group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, and discounted cash flow analysis refined to reflect the issuer's specific circumstances.

The group does not apply hedge accounting.

Impairment of financial assets

The group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

Loans and advances are considered impaired if, and only if, there is objective evidence of impairment as a result of events that occurred after initial asset recognition (known as loss events) and these loss events have an adverse impact on the assets' estimated future cash flows that can be measured reliably. Objective evidence that loans and advances may be impaired, includes breach of contract, such as a default or delinquency in interest or principal payments. In this regard instalments past due date are considered in breach of contract. The amount of the impairment loss is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Impairment losses are recognised in the income statement, and reversed through the income statement.

Held-to-maturity investments are considered impaired when there is objective evidence that the group will not be able to collect all amounts due according to the original contract terms. Significant financial difficulties of the counterparty, probability that the counterparty will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the investment is impaired. The amount of the impairment provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The movement in the amount of the provision is recognised in the income statement.

Derivative financial instruments

Derivative financial instruments are recognised initially at fair value on the date on which a derivative contract is entered into. Subsequent to initial recognition, derivative financial instruments are measured at fair value with the resulting gain or loss recognised in the income statement. Fair values of over-the-counter derivatives are obtained using valuation techniques, including discounted cash flow models and option pricing models.

The best evidence of fair value of a derivative at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique whose variables include only observable market data.

Receivables

Receivables are initially measured at fair value and subsequently recognised at amortised cost using the effective interest rate method, less provision for impairment. A provision for impairment is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The movement in the amount of the provision is recognised in the income statement.

Contracts for difference (CFD)

The group enters into CFD's with clients whereby the group provides leveraged exposure to equities specified by the client. The client pays a margin of between 10% and 15% of the value of the equities. Margin calls are made for the full value of any decrease in value of the equities.

CFD positions with clients are funded with equal and opposite CFD positions with other financial institutions. External funding is only used on an intra-day basis to purchase the underlying equity positions which are then delivered to the financial institution, at the end of each business day, for settlement of the intra-day funding provided. The CFD positions are classified as financial assets or liabilities at fair value through profit or loss.

The group is contractually bound to pay out or recover any fair value adjustments from the parties entering into the CFD, based on the fair value movement of the specified listed equities invested in for the client.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, other deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are included within borrowings on the statement of financial position.

Financial liabilities

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another entity.

Financial liabilities include borrowings, derivative financial instruments and other payables.

Financial liabilities are initially recognised at fair value less transaction costs that are directly attributable to the raising of the funds, for all financial liabilities carried at amortised cost. All financial liabilities measured at fair value through profit or loss are initially recognised at fair value. The best evidence of the fair value at initial recognition is the transaction price (i.e. the fair value of the consideration received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets.

Financial liabilities at fair value through profit or loss are subsequently measured at fair value, with any resultant gains and losses recognised in the income statement. The net gain or loss recognised in the income statement incorporates any measurement gains or losses and interest expense on the financial liability.

These financial liabilities are classified as current liabilities if they are either held for trading or expected to be settled within 12 months of the reporting date.

Financial liabilities, or a portion thereof, are derecognised when the obligation specified in the contract is discharged, cancelled or expired. On derecognition, the difference between the carrying amount of the financial liability, including related unamortised costs, and settlement amounts paid are included in the income statement.

The group uses its own credit risk spreads in determining the current value for its derivative liabilities and all other liabilities for which it has elected the fair value option. When the group's credit spreads widen, the group recognises a gain on these liabilities because the value of the liabilities has decreased. When the group's credit spreads narrow, the group recognises a loss on these liabilities because the value of the liabilities has increased.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective-interest method.

Trade and other payables

Trade and other payables are recognised when the group has a present obligation arising from past events, the settlement of which is expected to result in an outflow of economic benefits from the group. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost using the effective-interest method.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax.

Where any group company purchases the company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold, reissued or otherwise disposed of, any consideration received is included in equity attributable to the company's equity holders, net of any directly attributable incremental transaction costs and the related income tax effects.

Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the group's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associated companies, except where the group controls the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Employee benefits

Pension obligations

The group only has defined-contribution plans. A defined-contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Other post-retirement benefits

The group offers no other post-retirement benefits and therefore has no liabilities.

Annual leave

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated annual leave as a result of services rendered by employees up to reporting date.

Profitsharing and bonus plans

The group recognises a liability and an expense for bonuses and profitsharing. The group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Provisions

Provisions are recognised when:

- the group has a present legal or constructive obligation as a result of past events;
- it is more likely than not that an outflow of resources will be required to settle the obligation; and
- the amount has been estimated reliably.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as an interest expense.

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for services in the ordinary course of the group's activities. Revenue is shown net of value added tax, after eliminating revenue within the group. Revenue is recognised as follows:

Rendering of services

Fee income is recognised when the related company is unconditionally entitled thereto. No profit is recognised when the outcome of a transaction cannot be estimated reliably. Fee income from the rendering of services includes:

Commission and other fee income

Revenue arising from brokerage activities and other related services, advisory services and portfolio management offered by the group is recognised in the accounting period in which the services are rendered with reference to completion of the specific transaction.

Interest income

Interest income for financial assets that are not classified as at fair value through profit or loss is recognised using the effective interest method. When a receivable is impaired, the group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding discount as interest income. Interest income from financial assets that are classified as at fair value through profit or loss is included in investment income.

Dividend income

Dividend income is recognised when the right to receive payment is established. Dividend income from financial assets that are classified as at fair value through profit or loss or available-for-sale are included in investment income.

Leases

Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

Finance leases

Leases of property and equipment, where the group substantially has all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at inception of the lease at the lower of the fair value of the leased asset or the current value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges based on the interest rate charged on the outstanding balance. The corresponding rental obligations, net of finance charges, are included in borrowings. The interest element of the finance cost is charged to the income statement over the lease period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term.

Dividend distributions

Dividend distributions to the company's shareholders are recognised as a liability in the period in which the dividends are approved by the company's board of directors.

Secondary tax on companies (STC)

South African resident companies are subject to a duel corporate tax system, one part of the tax being levied on taxable income and the other, a secondary tax, on distributed income. A company incurs STC charges on the declaration or deemed declaration of dividends (as defined under tax law) to its shareholders. STC is not a withholding tax on shareholders, but a tax on companies.

The STC tax consequence of dividends is recognised as a taxation charge in the income statement in the same period that the related dividend is accrued as a liability. The STC liability is reduced by dividends received during the dividend cycle. Where dividends declared exceed the dividends received during a cycle, STC is payable at the current STC rate on the net amount. Where dividends received exceed dividends declared within a cycle, there is no liability to pay STC. The potential tax benefit related to excess dividends is carried forward to the next dividend cycle as an STC credit. Deferred tax assets are recognised on unutilised STC credits to the extent that it is probable that the group will declare dividends in the following year to utilise such STC credits.

Contingencies

A contingent liability is either a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability. These contingent liabilities are not recognised in the statement of financial position but disclosed in the notes to the financial statements.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. These contingent assets are not recognised in the statement of financial position but are disclosed in the notes to the financial statements if the inflow of financial benefits is probable.

Critical accounting estimates and judgements in applying accounting policies

The group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under circumstances.

Estimated impairment of goodwill

The group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy on goodwill. The recoverable amounts of cash-generating units have been determined based on value in use and fair value less cost to sell calculations. These calculations require the use of estimates (see note 2).

Fair value of derivatives and other unlisted financial instruments

The fair value of financial instruments that are trading on recognised over-the-counter (OTC) platforms is based on the closing price and classified as quoted instruments. The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques as disclosed in the policy relating to financial assets. Please refer to the accounting policy regarding derivative financial instruments for further detail regarding fair value valuation techniques.

Directors' valuation of unlisted associated companies

Directors' valuation of unlisted associated companies are determined with reference to market prices, assessing the fair value of underlying investments as well as the published net asset value or valuation techniques. Valuation techniques used include applying a market-related price earnings ratio to operational earnings or performing discounted cash flow models to the expected cash flows (See note 5 for further detail).

Impairment of investments in associates

An impairment of investments is considered when the fair value is below its carrying value. In determination of whether the decline is significant or prolonged, the following factors may be considered: normal volatility in share price, the financial health of the investee, sector performance, and changes in operational and financing cash flow.

An impairment loss is recognised for the amount by which the investment's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. The value in use is calculated with reference to the assumptions noted above. The underlying market values of investments in listed entities held by associated companies are also considered in assessing the carrying values.

The directors are satisfied that the company's investments are fairly stated.

Recognition of intangible assets

Trademarks and customer lists or relationships are acquired through business combinations or acquisitions. These intangible assets are valued on acquisition using discounted cash flow methodology based on assumptions and estimates regarding future revenue growth, weighted cost of capital, marketing costs and other economic factors affecting the value or use of these intangible assets. These assumptions reflect management's best estimates but are subject to inherent uncertainties, which may not be controlled by management.

The cost of the trademarks and customer lists or relationships are amortised over their estimated useful lives. The remaining useful lives of the intangible assets are reassessed annually. If the estimate of the remaining useful lives changes, the remaining carrying values are amortised prospectively over that revised remaining useful life.

Refer to note 2 for more detail.

Financial risk management

Financial risk factors

The group's activities expose it to a variety of financial risks: market risk (including currency risk, cash flow and fair value interest rate risk and price risk), credit risk and liquidity risk. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance.

Risk management is carried out under policies approved by the board of directors. Each entity within the group identifies, evaluates and mitigates financial risks. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Financial instruments are grouped into the following classes in order to facilitate effective financial risk management and disclosure in terms of IFRS 7 Financial Instruments: Disclosures. The sensitivity analyses presented below are based on reasonable possible changes in market variables for equity prices, interest rates and foreign exchange rates for the group.

	GROUP		COMPANY	
	2011	2010	**2011**	2010
Classes of financial assets	**R000**	R000	**R000**	R000
Quoted equity securities	**–**	1 549	**–**	1 549
Total quoted equity securities	**–**	1 549	**–**	1 549
Unquoted equity securities	**345**	240	**–**	–
Total unquoted equity securities	**345**	240	**–**	–
Total equity securities	**345**	1 789	**–**	1 549
Related-party loans and advances	**–**	–	**66 659**	69 595
Other loans and advances	**41 583**	31 808	**–**	–
Total loans and advances	**41 583**	31 808	**66 659**	69 595
Equity traded derivatives	**6 023**	78 156	**–**	–
Total derivative financial assets	**6 023**	78 156	**–**	–
Trade receivables	**42 404**	29 159	**–**	–
Related-party receivables	**14 221**	40 219	**116 158**	133 892
Brokers and clearing houses	**68 786**	28 137	**–**	–
Contracts for difference	**16 846**	26 565	**–**	–
Other receivables (excluding VAT receivables and prepayments)	**2 207**	1 528	**10**	411
Total receivables	**144 464**	125 608	**116 168**	134 303
Cash and cash equivalents	**279 825**	150 150	**7 665**	24 258
Total financial assets – IFRS 7	**472 240**	387 511	**190 492**	229 705

Classes of financial liabilities	GROUP 2011 R000	GROUP 2010 R000	COMPANY 2011 R000	COMPANY 2010 R000
Bank borrowings and overdrafts	**30 199**	30 074	**30 050**	30 000
Related-party loans	**21 862**	64 959	**98 056**	201 925
Promissory notes	**47 053**	37 885	**47 053**	37 885
Secured loans	**105 652**	1 003	–	–
Finance leases	**1 500**	203	–	–
Other borrowings and short-term loans	**3 421**	3 395	**74 732**	–
Total borrowings	**209 687**	137 519	**249 891**	269 810
Equity traded derivatives	**5 988**	75 893	–	–
Total derivative financial instruments	**5 988**	75 893	–	–
Purchase consideration payable	**71 848**	48 937	–	–
Other trade payables (excluding tax payables and other non-financial liabilities)	**372 571**	172 543	**14 350**	9 536
Total trade and other payables	**444 419**	221 480	**14 350**	9 536
Total financial liabilities – IFRS 7	**660 094**	434 892	**264 241**	279 346

GROUP Financial instruments by category	Held-to-maturity R000	Loans and advances R000	Assets at fair value through profit or loss R000	Available-for-sale R000	Total R000
Assets as per statement of financial position					
28 February 2011					
Equity securities	–	–	–	**345**	**345**
Loans and advances	–	**41 583**	–	–	**41 583**
Derivative financial instruments	–	–	**6 023**	–	**6 023**
Receivables	–	**144 464**	–	–	**144 464**
Cash and cash equivalents	–	**279 825**	–	–	**279 825**
	–	**465 872**	**6 023**	**345**	**472 240**
28 February 2010					
Equity securities	–	–	–	1 789	1 789
Loans and advances	–	31 808	–	–	31 808
Derivative financial instruments	–	–	78 156	–	78 156
Receivables	–	125 608	–	–	125 608
Cash and cash equivalents	–	150 150	–	–	150 150
	–	307 566	78 156	1 789	387 511

GROUP	Liabilities at fair value through profit or loss R000	Liabilities measured at amortised cost R000	Total R000
Liabilities as per statement of financial position			
28 February 2011			
Borrowings	**–**	**209 687**	**209 687**
Derivative financial instruments	**5 988**	**–**	**5 988**
Trade and other payables	**71 848**	**372 571**	**444 419**
	77 836	**582 258**	**660 094**
28 February 2010			
Borrowings	–	137 519	137 519
Derivative financial instruments	75 893	–	75 893
Trade and other payables	–	221 480	221 480
	75 893	358 999	434 892

COMPANY Financial instruments by category	Held-to-maturity R000	Loans and advances R000	Assets at fair value through profit or loss R000	Available-for-sale R000	Total R000
Assets as per statement of financial position					
28 February 2011					
Loans and advances	**–**	**66 659**	**–**	**–**	**66 659**
Receivables	**–**	**116 168**	**–**	**–**	**116 168**
Cash and cash equivalents	**–**	**7 665**	**–**	**–**	**7 665**
	–	**190 492**	**–**	**–**	**190 492**
28 February 2010					
Equity securities	–	–	–	1 549	1 549
Loans and advances	–	69 595	–	–	69 595
Receivables	–	134 303	–	–	134 303
Cash and cash equivalents	–	24 258	–	–	24 258
	–	228 156	–	1 549	229 705

COMPANY	Liabilities measured at amortised cost 2011 R000	2010 R000
Liabilities as per statement of financial position		
Borrowings	**249 891**	269 810
Trade and other payables	**14 350**	9 536
	264 241	279 346

Market risk

Market risk is the risk of adverse financial impact due to changes in fair values or future cash flows of financial instruments from fluctuations in interest rates, equity prices and foreign currency exchange rates.

Price risk

The group is subject to price risk due to daily changes in the market values of its quoted and unquoted investment securities, classified on the consolidated statement of financial position as available-for-sale.

At 28 February 2010, the group's listed equities were recorded at their fair value of R1 549 000. As at 28 February 2011 the group did not have any listed equities as it disposed of its share investment in Capitec Bank Holdings Limited during the current year. In 2010 a 20% decline or increase in the share price would have decreased or increased profit after taxation by R222 994. The sector composition of this investment in equities in 2010 was in the banking sector.

The group enters into contracts for difference with clients whereby the group provides leveraged exposure to equities specified by the client. The holders of the contracts for difference carry the price risk of these instruments and therefore a movement in the individual share prices would not have an impact on the group's profit after taxation but would result in a corresponding movement in the value of the contracts for difference liabilities.

Foreign exchange risk

The group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Transactions incurred by the group did not lead to a significant foreign exchange risk. The group does not take cover on foreign currency transactions and balances.

The group's financial assets and liabilities denominated in foreign currency are analysed in the following table:

GROUP	Africa R000	UK R000	US R000	Euro R000	Total R000
At 28 February 2011					
Financial assets					
Loans and advances	–	1 518	–	–	1 518
Receivables	–	128	–	–	128
Cash and cash equivalents	–	188	402	–	590
Financial liabilities					
Trade and other payables	–	(519)	–	–	(519)
Borrowings	–	(2 256)	–	–	(2 256)
	–	(941)	402	–	(539)
At 28 February 2010					
Financial assets					
Loans and advances	–	1 533	–	–	1 533
	–	1 533	–	–	1 533

COMPANY	Africa R000	UK R000	US R000	Euro R000	Total R000
At 28 February 2011					
Financial assets					
Loans and advances	–	**1 175**	–	–	**1 175**
	–	**1 175**	–	–	**1 175**
At 28 February 2010					
Financial assets					
Loans and advances	–	1 226	–	–	1 226
	–	1 226	–	–	1 226

The table below shows the sensitivity of the equity of the group and post-tax profits of the company to a 20% (2010: 20%) move in the rand exchange rates.

GROUP	**2011 20% increase R000**	2010 20% increase R000	**2011 20% decrease R000**	2010 20% decrease R000
Impact on equity	**78**	220	**(78)**	(220)
COMPANY				
Impact on post-tax profit	**169**	176	**(169)**	(176)

Cash flow and fair value interest rate risk

The group's interest rate risk arises from interest-bearing loans and advances, receivables, cash and cash equivalents, long-term borrowings and trade and other payables. Borrowings issued at variable rates expose the group to cash flow interest rate risk. Borrowings issued at fixed rates expose the group to fair value interest rate risk.

	GROUP		COMPANY	
	2011 R000	2010 R000	**2011 R000**	2010 R000
Loans and advances				
Floating rate	**37 128**	31 808	**94 795**	51 624
Fixed rate	**312**	–	**–**	–
	37 440	31 808	**94 795**	51 624
Receivables				
Floating rate	**17 413**	26 565	**–**	–
Cash and cash equivalents				
Floating rate	**279 468**	150 150	**7 665**	24 258
Borrowings and trade and other payables				
Floating rate	**(181 831)**	(172 109)	**(92 966)**	(132 181)
Fixed rate	**(98 468)**	–	**(84 854)**	–
	(280 299)	(172 109)	**(177 820)**	(132 181)
Total				
Floating rate	**152 178**	36 414	**9 494**	(56 299)
Fixed rate	**(98 156)**	–	**(84 854)**	–
	54 022	36 414	**(75 360)**	(56 299)

Based on simulations performed, the impact on post-tax profit of a 2% (2010: 1%) shift in interest rates is analysed in the following table:

GROUP	**2011 2% increase R000**	2010 1% increase R000	**2011 2% decrease R000**	2010 1% decrease R000
Impact on post-tax profit	**2 191**	262	**(2 191)**	(262)
COMPANY				
Impact on post-tax profit	**1 085**	372	**(1 085)**	(372)

Credit risk

Credit risk arises from cash and cash equivalents, derivative financial instruments, loans and advances and receivables. Derivative counterparties and cash transactions are limited to high-credit-quality financial institutions.

The table below shows the group's maximum exposure to credit risk by class of asset.

	2011		2010	
GROUP	**Balance R000**	**Collateral fair value R000**	Balance R000	Collateral fair value R000
Loans and advances	**41 583**	–	31 808	–
Derivative financial instruments	**6 023**	–	78 156	–
Receivables	**144 464**	–	125 608	–
Cash and cash equivalents	**279 825**	–	150 150	–
	471 895	–	385 722	–

	2011		2010	
COMPANY	**Balance R000**	**Collateral fair value R000**	Balance R000	Collateral fair value R000
Loans and advances	**66 659**	–	69 595	–
Receivables	**116 168**	–	134 303	–
Cash and cash equivalents	**7 665**	–	24 258	–
	190 492	–	228 156	–

Receivables are tested for impairment using a variety of techniques including assessing credit risk and monthly monitoring of individual debtors. At 28 February 2011 no receivables (2010: Rnil) were found to be impaired and accordingly no impairment was raised.

Financial assets are assessed based on their credit ratings as published by Moody's. Funds are only invested with financial institutions with a minimum Moody's national rating of A2. Financial assets which fall outside this range are classified as not rated. Credit limits, for each counterparty, are set based on default probabilities that are in turn based on the ratings of the counterparty concerned.

The credit quality of financial assets can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

GROUP	**2011 R000**	2010 R000
A1	**64 414**	67 348
A2	**208 329**	72 241
Other non-rated assets	**192 997**	237 303
Collective investment schemes	**2 256**	1 341
Past due or impaired assets	**3 899**	7 489
	471 895	385 722

COMPANY	**2011 R000**	2010 R000
A1	**7 632**	24 258
Other non-rated assets	**182 860**	203 898
	190 492	228 156

Non-rated financial assets relating to the group consist mainly of balances due from brokers and clearing houses and related-party loans and advances. Balances due from brokers and clearing houses are settled within five days after the transaction occurred in terms of the clearing house rules.

Related-party loans and advances consist mainly of amounts due from financial advisors or other group companies. Amounts due from other group companies are monitored by the holding company to ensure that adequate income is generated by the related company to repay the loan when required. Balances due from financial advisors are also monitored against the income generated by these advisors to ensure sufficient collateral for the amounts owed are available.

The table below gives an age analysis of receivables that are past due but not impaired. The other classes of financial assets do not contain assets that are past due but not impaired.

	Total R000	**0 – 2 months R000**	**2 – 6 months R000**	**6 – 12 months R000**	**1 – 2 years R000**
At 28 February 2011	**3 899**	**45**	**1 038**	**2 696**	**120**
At 28 February 2010	7 489	2 612	1 926	2 485	466

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, each entity aims to maintain flexibility in funding by keeping committed credit lines available.

The table below analyses the group's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carry balances as the impact of discounting is not significant.

GROUP	Carrying value R000	Less than one year R000	Between one and two years R000	Between two and five years R000	Over five years R000
At 28 February 2011					
Borrowings	**209 687**	**134 140**	**29 552**	**75 319**	**–**
Derivative financial instruments	**5 988**	**5 988**	**–**	**–**	**–**
Trade and other payables	**444 419**	**413 508**	**17 268**	**17 881**	**–**
	660 094	**553 636**	**46 820**	**93 200**	**–**
At 28 February 2010					
Borrowings	137 519	137 637	–	–	–
Derivative financial instruments	75 893	75 893	–	–	–
Trade and other payables	221 480	217 962	3 518	–	–
	434 892	431 492	3 518	–	–

The group has provided suretyship to the value of R25,7 million (2010: R10,5 million) in favour of various financial institutions for the purchase of books of business by advisors. At year-end, the fair value of the financial guarantee was Rnil (2010: Rnil). Management monitors this exposure on a monthly basis against the income generated by these advisors.

The table below analyses the company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

COMPANY	Carrying value R000	Less than one year R000	Between one and two years R000	Between two and five years R000	Over five years R000
At 28 February 2011					
Borrowings	**249 891**	**198 117**	**21 054**	**52 638**	**–**
Trade and other payables	**14 350**	**14 350**	**–**	**–**	**–**
	264 241	**212 467**	**21 054**	**52 638**	**–**
At 28 February 2010					
Borrowings	269 810	270 925	–	–	–
Trade and other payables	9 536	9 536	–	–	–
	279 346	280 461	–	–	–

Fair value estimation

Financial instruments that are measured in the statement of financial position at fair value are disclosure by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following financial instruments are measured at fair value:

GROUP	Level 1 R000	Level 2 R000	Level 3 R000	Total R000
At 28 February 2011				
Assets				
Financial assets at fair value through profit or loss				
Trading derivatives	–	6 023	–	6 023
Available-for-sale				
Equity securities	–	–	345	345
	–	6 023	345	6 368
At 28 February 2010				
Assets				
Financial assets at fair value through profit or loss				
Trading derivatives	–	78 156	–	78 156
Available-for-sale				
Equity securities	1 549	–	240	1 789
	1 549	78 156	240	79 945
At 28 February 2011				
Liabilities				
Financial liabilities at fair value through profit or loss				
Trading derivatives	–	5 988	–	5 988
Acquisition creditors	–	–	71 848	71 848
	–	5 988	71 848	77 836
At 28 February 2010				
Liabilities				
Financial liabilities at fair value through profit or loss				
Trading derivatives	–	75 893	–	75 893
	–	75 893	–	75 893

COMPANY	Level 1 R000	Level 2 R000	Level 3 R000	Total R000
At 28 February 2010				
Assets				
Available-for-sale				–
Equity securities	1 549	–	–	1 549
	1 549	–	–	1 549

The following tables present the changes in level 3 financial instruments during the reporting periods under review:

GROUP	Equity securities R000	Total R000
Assets		
Carrying amount at 1 March 2009 and 28 February 2010	240	240
Additions	**105**	**105**
Carrying amount at 28 February 2011	**345**	**345**

GROUP	Acquisition creditors R000	Total R000
Liabilities		
Carrying amount at 1 March 2009 and 28 February 2010	–	–
Additions	**71 848**	**71 848**
Carrying amount at 28 February 2011	**71 848**	**71 848**

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily JSE equity investments classified as equity securities or available-for-sale.

Financial instruments that trade in markets that are not considered to be active but are valued (using valuation techniques) based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. These include over-the-counter derivatives. As level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. Investments classified within level 3 have significant unobservable inputs, as they trade infrequently. Level 3 instruments relate to stock exchange rights owned. As these rights are unquoted, the valuation technique is based on the fact that the variability in the range of reasonable fair value estimates is not significant for this instrument and that the fair value of these rights is estimated to be equal to the guaranteed amount receivable for these rights, thus equalling the cost. Acquisition creditors classified within level 3 have significant unobservable inputs, as the valuation technique used to determine the fair values takes into account the probability (at year-end) that the acquiree will achieve the profit guarantee as stipulated in the sale of business agreement for each business combination.

The table below summarises the carrying and fair values of financial instruments not presented on the statements of financial position at fair value.

	Carrying value		Fair value	
GROUP	**2011 R000**	2010 R000	**2011 R000**	2010 R000
Loans and advances	**41 583**	31 808	**41 583**	31 808
Receivables	**144 464**	125 608	**144 464**	125 608
Cash and cash equivalents	**279 825**	150 150	**279 825**	150 150
Borrowings	**(209 687)**	(137 519)	**(209 687)**	(137 519)
Trade and other payables	**(372 571)**	(221 480)	**(372 571)**	(221 480)

	Carrying value		Fair value	
	2011	2010	**2011**	2010
COMPANY	**R000**	R000	**R000**	R000
Loans and advances	**66 659**	69 595	**66 659**	69 595
Receivables	**116 168**	134 303	**116 168**	134 303
Cash and cash equivalents	**7 665**	24 258	**7 665**	24 258
Borrowings	**(249 891)**	(269 810)	**(249 891)**	(269 810)
Trade and other payables	**(14 350)**	(9 536)	**(14 350)**	(9 536)

Capital risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The group monitors capital on the basis of the gearing ratio. This is also consistent with similar companies within the industry. The gearing ratio is calculated as the net debt divided by total capital. Net debt is calculated as total borrowings including acquisition creditors less cash and cash equivalents, reduced by brokerage cash, as shown in the consolidated statement of financial position. Total capital is calculated as the total equity as shown in the consolidated statement of financial position plus the net debt.

When funding is required, management will consider the various forms of paper available for issue, taking into account current market conditions, anticipated trends in market indicators and the financial position of the group at the time. Management will consider issuing ordinary shares, short, long or medium-term borrowings with variable or fixed rates accordingly.

The gearing ratios at year-end can be summarised as follows:

	GROUP		COMPANY	
	2011	2010	**2011**	2010
	R000	R000	**R000**	R000
Total borrowings	**281 535**	185 459	**249 891**	269 810
Less: Cash and cash equivalents	**(71 776)**	(75 602)	**(7 665)**	(24 258)
Net debt position	**209 759**	109 857	**242 226**	245 552
Total equity	**501 508**	458 278	**378 026**	373 258
Total capital	**711 267**	568 135	**620 252**	618 810
Gearing ratio	**29,49%**	19,34%	**39,05%**	39,68%

GROUP	Trademarks R000	Goodwill R000	Deferred acquisition costs R000	Customer relation-ships R000	Other intangibles R000	Total R000
2. INTANGIBLE ASSETS						
As at 28 February 2011						
Cost	**9 989**	**403 819**	**–**	**367 796**	**24 603**	**806 207**
Accumulated amortisation and impairment	**(2 164)**	**(3 595)**	**–**	**(59 835)**	**(12 729)**	**(78 323)**
Balance at end of year	**7 825**	**400 224**	**–**	**307 961**	**11 874**	**727 884**
Reconciliation						
Balance at beginning of year	**19 210**	**287 574**	**–**	**221 962**	**4 875**	**533 621**
Additions	**–**	**2 403**	**–**	**26 034**	**11 231**	**39 668**
Acquisition of businesses	**–**	**119 267**	**–**	**88 475**	**195**	**207 937**
Disposals	**–**	**(5 425)**	**–**	**(11 571)**	**–**	**(16 996)**
Derecognition	**(10 886)**	**–**	**–**	**–**	**–**	**(10 886)**
Amortisation	**(499)**	**–**	**–**	**(16 664)**	**(4 427)**	**(21 590)**
Impairment	**–**	**(3 595)**	**–**	**(275)**	**–**	**(3 870)**
Balance at end of year	**7 825**	**400 224**	**–**	**307 961**	**11 874**	**727 884**
As at 28 February 2010						
Cost	23 489	287 574	–	264 858	13 178	589 099
Accumulated amortisation and impairment	(4 279)	–	–	(42 896)	(8 303)	(55 478)
Balance at end of year	19 210	287 574	–	221 962	4 875	533 621
Reconciliation						
Balance at beginning of year	20 384	251 482	15 687	192 200	4 995	484 748
Additions	–	5 340	–	31 625	1 641	38 606
Acquisition of businesses	–	37 643	–	24 000	–	61 643
Disposals	–	(6 891)	(15 687)	(12 972)	(34)	(35 584)
Amortisation	(1 174)	–	–	(12 891)	(1 727)	(15 792)
Balance at end of year	19 210	287 574	–	221 962	4 875	533 621

Details on impairment tests performed

Goodwill is allocated to cash-generating units (CGUs) identified according to the subsidiaries or groups of subsidiaries. A summary of the allocation of goodwill is presented on the following page.

	GROUP		COMPANY	
	2011	2010	**2011**	2010
	R000	R000	**R000**	R000
2. INTANGIBLE ASSETS *(continued)*				
PSG Konsult Financial Planning (Proprietary) Limited	**143 013**	129 719	**–**	–
PSG Konsult Academy (Proprietary) Limited	**1 691**	1 691	**–**	–
PSG Konsult Securities (Proprietary) Limited	**3 453**	3 453	**–**	–
PSG Konsult Trust (Proprietary) Limited	**164**	164	**–**	–
PSG Konsult Namibia (Proprietary) Limited	**2 238**	2 238	**–**	–
PSG Konsult Short-Term Insurance Brokers (Proprietary) Limited	**106 936**	70 852	**–**	–
Topexec Management Bureau (Proprietary) Limited	**74 293**	55 729	**–**	–
PSG Konsult Brokers UK Limited	**44**	44	**–**	–
Online Securities Limited	**23 684**	23 684	**–**	–
PSG Konsult Insurance Solutions (Proprietary) Limited (previously Konsjhol Investments)	**14 462**	–	**–**	–
PSG Konsult Corporate Limited (previously PSG Konsult Nhluvuko)	**30 246**	–	**–**	–
	400 224	287 574	**–**	–

When goodwill is tested for impairment, the recoverable amount of the CGU is determined based on the fair value less cost to sell basis. As there is no active market, the fair value was determined based on the price/earning ratio basis whereby a calculated price/earnings ratio is multiplied by the current year earnings of the CGU. Price/earnings ratios used by management are determined with reference to similar listed companies as well as recent transactions that occurred within the PSG Konsult Group. The average price/earnings ratio applied was 7,5 (2010: 6,5).

Trademarks were evaluated for impairment using the most recent price/earnings ratios for similar transactions in the market. The price/earnings ratios used vary from 4 to 12 with an average of 7,5 – 9,5 (2010: 4 to 12, with an average of 6,5). The recoverable amount of a CGU is therefore determined based on a fair value less cost to sell basis.

Customer relationships were evaluated for impairment using the most recent price/earnings ratios for similar transactions in the market. The range of price/earnings ratio's used vary from 4 to 12, with an average of 7,5 – 9,5 (2010: 4 to 12, with an average of 6,5). The recoverable amount of a CGU is therefore determined based on a fair value less cost to sell basis.

Key assumptions used for the value-in-use calculations:

	2011	2010
	%	%
Discount rate (R157)	**7,77%**	8,17%
Tax rate	**28,00%**	28,00%
Growth rate	**4,00%**	4,00%
Discount rate	**16 – 17%**	18,00%

The impairment of R3 870 000 (2010: Rnil) was a result of the profit guarantee not being met and the adjustment was made to the income statement in terms of IFRS 3 revised as the acquisition was recorded after 1 March 2010. The impairment was included in the financial planning and investments segment as per note 30.

GROUP	Motor vehicles R000	Office equipment R000	Computer equipment R000	Total R000
3. PROPERTY AND EQUIPMENT				
As at 28 February 2011				
Cost	**852**	**34 095**	**35 824**	**70 771**
Accumulated depreciation and impairment	**(296)**	**(18 179)**	**(26 371)**	**(44 846)**
Balance at end of year	**556**	**15 916**	**9 453**	**25 925**
Reconciliation				
Balance at beginning of year	**585**	**15 112**	**7 661**	**23 358**
Additions	**191**	**4 143**	**7 350**	**11 684**
Acquisition of businesses	**–**	**1 896**	**888**	**2 784**
Disposals	**(29)**	**(257)**	**(154)**	**(440)**
Depreciation	**(191)**	**(4 978)**	**(6 292)**	**(11 461)**
Balance at end of year	**556**	**15 916**	**9 453**	**25 925**
As at 28 February 2010				
Cost	848	28 495	27 651	56 994
Accumulated depreciation and impairment	(263)	(13 383)	(19 990)	(33 636)
Balance at end of year	585	15 112	7 661	23 358
Reconciliation				
Balance at beginning of year	200	11 823	9 210	21 233
Additions	569	7 634	4 787	12 990
Acquisition of businesses	52	217	56	325
Disposals	(96)	(308)	(685)	(1 089)
Depreciation	(140)	(4 254)	(5 707)	(10 101)
Balance at end of year	585	15 112	7 661	23 358

Depreciation expense of R11 461 000 (2010: R10 101 000) has been charged as part of marketing, administration and other expenses as disclosed in note 20.

Included in office equipment are assets held under finance leases (note 13):

	GROUP		COMPANY	
	2011 R000	2010 R000	**2011 R000**	2010 R000
Cost	**1 688**	758	**–**	–
Accumulated depreciation and impairment	**(234)**	(697)	**–**	–
Net book amount	**1 454**	61	**–**	–

	COMPANY	
	2011	2010
	R000	R000
4. INVESTMENT IN SUBSIDIARIES		
Unlisted shares at cost	**447 507**	421 854
Unlisted shares at directors' valuation	**447 507**	421 854

Effective 1 March 2010 PSG Konsult Limited acquired an additional interest of 15% in Konsjhol Investments (Proprietary) Limited, now named PSG Konsult Insurance Solutions (Proprietary) Limited, for a consideration of R12 174 000 and an additional 25% interest in PSG Konsult Corporate Limited (previously named PSG Konsult Nhluvuko Limited) for R1 095 000.

During the year, PSG Konsult Financial Planning (Proprietary) Limited and PSG Konsult Short-Term Insurance Brokers (Proprietary) Limited amalgamated the businesses of PSG Konsult Verre-Noord (Proprietary) Limited and PSG Konsult Vereeniging (Proprietary) Limited with their own.

PSG Konsult Limited subscribed to an additional R12 383 050 share issue of Online Securities Limited. The effective interest in Online Securities Limited remained unchanged at 100%.

During the previous financial year PSG Konsult Limited bought out the minority shareholders of PSG Konsult Academy (Proprietary) Limited, increasing the shareholding in the subsidiary with R1 907 456 and also increased the shareholding in Online Securities Limited by subscribing to additional shares amounting to R15 000 000. The loan with PSG Konsult Brokers UK Limited was capitalised during the 2010 financial year, increasing the investment in the company with R1 718 340.

An assessment for impairment was performed by comparing the carrying value of the individual subsidiaries with the calculated fair value less cost to sell. The fair value is determined by applying a price/earnings ratio to the current year profit after tax for each subsidiary. The price earnings ratios are determined with reference to similar listed companies as well as recent transactions concluded in the market and was determined as an average of 7,5 (2010: 6,5).

Refer to note 29 for a schedule of interests in subsidiaries.

	GROUP		COMPANY	
	2011	2010	**2011**	2010
	R000	R000	**R000**	R000
5. INVESTMENT IN ASSOCIATED COMPANIES				
Unlisted				
Carrying value at beginning of year	**10 505**	8 190	**1**	1
Equity accounted earnings	**2 013**	2 275	**–**	–
Movement in investment value:	**974**	40	**1 999**	–
Acquisitions	**2 000**	4 941	**2 000**	–
Disposals	**–**	–	**(1)**	–
Dividends received	**(2 090)**	(2 109)	**–**	–
Exchange differences	**(254)**	(1 364)	**–**	–
Unrealised profit on intergroup sales	**–**	(1 428)	**–**	–
Step acquisition from associate to subsidiary	**1 318**	–	**–**	–
Carrying value at end of year	**13 492**	10 505	**2 000**	1
At cost	**5 311**	11 396	**2 000**	1
Goodwill included in carrying value	**8 181**	667	**1 113**	–
Directors' valuation of associated companies	**13 492**	10 505	**2 000**	–

5. INVESTMENT IN ASSOCIATED COMPANIES *(continued)*

Effective 1 March 2010, the company acquired a 20% shareholding in iHound (Proprietary) Limited. Refer to note 27.4 for detail of the acquisition.

The group acquired a 37% shareholding in Axon Xchange (Proprietary) Limited through the investment in PSG Prime (Proprietary) Limited. Refer to note 27.3 for detail of the acquisition.

Effective 1 June 2009, the group acquired a 30% shareholding in Karana Property Investments (Proprietary) Limited. Refer to note 27.4 for detail of the acquisition.

Impairment assessments are performed relating to investments in associates using the following valuation techniques when calculating the estimated fair value less cost to sell:

- discounted cash flows were applied for companies with established cash flow history; and
- price/earnings ratios were applied to projected profits after tax for newly established or acquired companies.

The following key assumptions were used in the performance of the fair value calculations:

	2011	2010
Price/earnings ratio	**7,5**	6,5

Aggregate associated company assets, liabilities, revenue and profit for the year ended 28 February 2011:

Name of associated company	**Interest held %**	**Country of incorporation**	**Assets R000**	**Liabilities R000**	**Revenue R000**	**Profit/(Loss) R000**
Make-a-Million (Proprietary) Limited	33%	South Africa	1 493	1 144	1 411	106
Cinetaur (Proprietary) Limited	35%	South Africa	5 794	5 399	612	526
Karana Property Investments (Proprietary) Limited	30%	South Africa	14 341	14 012	1 737	84
Jamwa Beleggings (Proprietary) Limited	30%	South Africa	9 732	10 203	1 202	(482)
PSG Consult Limited	50%	United Kingdom	3 265	5 303	4 264	(805)
iHound (Proprietary) Limited	20%	South Africa	1 820	1 209	5 888	1 520
Axon Xchange (Proprietary) Limited	37%	South Africa	3 104	420	14 016	5 645
			39 549	**37 690**	**29 130**	**6 594**

5. INVESTMENT IN ASSOCIATED COMPANIES *(continued)*

Aggregate associated company assets, liabilities, revenue and profit for the year ended 28 February 2010:

Name of associated company	Interest held %	Country of incorporation	Assets R000	Liabilities R000	Revenue R000	Profit/(Loss) R000
PSG Konsult Corporate Limited (previously PSG Konsult Nhluvuko Limited)	49%	South Africa	72 209	71 984	36 364	1 044
Make-a-Million (Proprietary) Limited	33%	South Africa	264	23	1 484	21
Cinetaur (Proprietary) Limited	35%	South Africa	5 066	5 196	461	(77)
Karana Property Investments (Proprietary) Limited	30%	South Africa	14 403	14 158	1 629	458
Jamwa Beleggings (Proprietary) Limited	30%	South Africa	10 068	10 056	1 214	42
PSG Consult Limited	50%	United Kingdom	3 057	4 324	4 862	(698)
PSG Konsult Insurance Solutions (Proprietary) Limited (previously Konsjhol Investments)	50%	South Africa	10	10	3 651	3 651
			105 077	**105 751**	**49 665**	**4 441**

Company level

Aggregate associated company assets, liabilities, revenue and profit for the year ended 28 February 2011:

Name of associated company	Interest held %	Country of incorporation	Assets R000	Liabilities R000	Revenue R000	Profit/(Loss) R000
iHound (Proprietary) Limited	20%	South Africa	1 820	1 209	5 888	1 520
			1 820	1 209	5 888	1 520

iHound (Proprietary) Limited is an online lead-generating company and a 20% interest was acquired on 1 March 2010 for a consideration of R2 000 000.

Konsjhol Investments (Proprietary) Limited, now named PSG Konsult Insurance Solutions (Proprietary) Limited and PSG Konsult Nhluvuko Limited, now named PSG Konsult Corporate Limited, was derecognised as associates on 1 March 2010 as the group obtained control over these companies from that date. Both these entities were treated as subsidiaries from this date and fully consolidated. Refer to note 4.

	GROUP		COMPANY	
	2011	2010	**2011**	2010
	R000	R000	**R000**	R000
6. DEFERRED INCOME TAX				
Deferred income tax assets	**4 483**	4 630	**2 301**	2 414
Deferred income tax liabilities	**(67 507)**	(52 977)	**(131)**	(199)
Net deferred income tax (liabilities)/assets	**(63 024)**	(48 347)	**2 170**	2 215
Deferred income tax assets				
To be recovered within 12 months	**4 483**	2 953	**2 301**	2 414
To be recovered after 12 months	**–**	1 677	**–**	–
	4 483	4 630	**2 301**	2 414
Deferred income tax liabilities				
To be recovered within 12 months	**(4 284)**	(5 984)	**(131)**	(199)
To be recovered after 12 months	**(63 223)**	(46 993)	**–**	–
	(67 507)	(52 977)	**(131)**	(199)

The movement in the deferred tax assets and liabilities during the year is as follows:

GROUP Deferred tax assets	STC credits R000	Deferred revenue R000	Provisions R000	Tax losses carried forward R000	Accruals not currently deductible and other differences R000	Total R000
At 1 March 2009	205	5 238	2 562	4 176	3 505	15 686
Credited/(charged) to income statement	779	(5 238)	(1 034)	(1 971)	499	(6 965)
At 28 February 2010	984	–	1 528	2 205	4 004	8 721
Credited/(charged) to income statement	**–**	**–**	**127**	**(358)**	**814**	**583**
Other movements	**–**	**–**	**–**	**–**	**338**	**338**
Acquisition of operations	**(2)**	**–**	**–**	**12**	**265**	**275**
At 28 February 2011	**982**	**–**	**1 655**	**1 859**	**5 421**	**9 917**
To be recovered within 12 months	982	–	1 655	1 859	5 421	9 917
To be recovered after more than 12 months	–	–	–	–	–	–
	982	–	1 655	1 859	5 421	9 917

GROUP Deferred tax liabilities	Deferred acquisition cost R000	Prepaid expenses R000	Unrealised apprecia-tion of investments R000	Other intangible assets R000	Foreign exchange and other R000	Total R000
6. DEFERRED INCOME TAX *(continued)*						
At 1 March 2009	(4 392)	(963)	(844)	(51 770)	(2)	(57 971)
Credited to income statement	4 392	80	47	2 360	12	6 891
Credited to statement of comprehensive income	–	–	665	–	–	665
Charged to equity	–	–	(68)	–	–	(68)
Other movements	–	–	–	750	(57)	693
Acquisition of businesses	–	–	–	(7 280)	–	(7 280)
At 28 February 2010	–	(883)	(200)	(55 940)	(47)	(57 070)
Credited/(charged) to income statement	**–**	**595**	**–**	**7 146**	**(73)**	**7 668**
Credited to statement of comprehensive income	**–**	**–**	**200**	**–**	**–**	**200**
Disposal	**–**	**–**	**–**	**1 098**	**–**	**1 098**
Other movements	**–**	**–**	**–**	**(213)**	**2**	**(211)**
Acquisition of businesses	**–**	**8**	**–**	**(24 634)**	**–**	**(24 626)**
At 28 February 2011	**–**	**(280)**	**–**	**(72 543)**	**(118)**	**(72 941)**
To be recovered within 12 months	–	(280)	–	(9 322)	(118)	(9 720)
To be recovered after more than 12 months	–	–	–	(63 221)	–	(63 221)
	–	(280)	–	(72 543)	(118)	(72 941)

	GROUP **2011** **R000**	 2010 R000	COMPANY **2011** **R000**	 2010 R000
Total accumulated losses available for which no deferred tax asset has been raised:	**431**	–	**–**	–

COMPANY Deferred tax assets	STC credits R000	Provisions R000	Tax losses carried forward R000	Accruals not currently deductible and other differences R000	Total R000
6. DEFERRED INCOME TAX *(continued)*					
At 1 March 2009	–	71	1 317	–	1 388
Credited to income statement	984	15	26	–	1 025
At 28 February 2010	984	86	1 344	–	2 414
(Charged)/credited to income statement	**(2)**	**64**	**(175)**	**–**	**(113)**
At 28 February 2011	**982**	**150**	**1 169**	**–**	**2 301**
To be recovered within 12 months	982	150	1 169	–	2 301
To be recovered after more than 12 months	–	–	–	–	–
	982	150	1 169	–	2 301

Deferred tax liabilities	Unrealised apprecia-tion of investments R000	Prepaid expenses R000	Unrealised foreign exchange differences R000	Total R000
At 1 March 2009	(130)	–	(3)	(133)
Credited to income statement	–	–	3	3
Charged to equity	(69)	–	–	(69)
At 28 February 2010	(199)	–	–	(199)
Charged to income statement	**–**	**(81)**	**(50)**	**(131)**
Credited to statement of comprehensive income	**199**	**–**	**–**	**191**
At 28 February 2011	**–**	**(81)**	**(50)**	**(131)**
To be recovered within 12 months	–	(81)	(50)	(131)
To be recovered after more than 12 months	–	–	–	–
	–	(81)	(50)	(131)

The deferred income tax assets and liabilities were calculated on all temporary differences under the liability method using an effective tax rate of 28% (2010: 28%). For all STC credits the rate used was 10% (2010: 10%).

	GROUP		COMPANY	
	2011	2010	**2011**	2010
	R000	R000	**R000**	R000
7. EQUITY SECURITIES				
Available-for-sale securities				
Quoted				
Capitec Bank Holdings Limited	**–**	1 549	**–**	1 549
Unquoted				
Namibian Stock Exchange rights	**240**	240	**–**	–
Stride Investment	**105**	–	**–**	–
	345	1 789	**–**	1 549

	GROUP	COMPANY
	R000	R000
Reconciliation of movements		
Carrying amount at 1 March 2009	7 599	1 198
Disposals	(7 885)	(1 724)
Unrealised fair value net gains	2 075	2 075
Carrying amount at 28 February 2010	1 789	1 549
Additions	**105**	**–**
Disposals	**(1 549)**	**(1 549)**
Carrying amount at 28 February 2011	**345**	**–**

Quoted securities were valued based on the quoted bid prices as listed on the Johannesburg Stock Exchange (JSE).

Unquoted securities are valued at the ruling prices for acquiring similar rights less any transaction costs.

	GROUP		COMPANY	
	2011	2010	**2011**	2010
	R000	R000	**R000**	R000
Total				
Current portion	**–**	1 549	**–**	1 549
Non-current portion	**345**	240	**–**	–
	345	1 789	**–**	1 549

	GROUP		COMPANY	
	2011	2010	**2011**	2010
	R000	R000	**R000**	R000
8. LOANS AND ADVANCES				
Unsecured loans	**31 983**	22 009	**–**	–
Staff loans and advances	**9 132**	9 331	**–**	–
Loans with non-controlling interest	**468**	468	**–**	–
Intergroup loans and advances	**–**	–	**66 659**	69 595
	41 583	31 808	**66 659**	69 595
Current portion	**24 931**	20 567	**66 659**	69 595
Non-current portion	**16 652**	11 241	**–**	–
	41 583	31 808	**66 659**	69 595

An amount of R7 529 000 (2010: R9 908 000) is included under unsecured loans and is due from various financial advisors. Repayments commenced on 1 November 2008 in 60 equal monthly instalments and accrue interest at a rate of prime less 1%.

The remaining balance of the unsecured loans is also due from financial advisors and is made up as follows: R23 406 000 is repayable by monthly instalments and the effective interest rates applied range between 7,63% and 11,63% (2010: 9% and 15,5%) and R1 048 000 is interest free.

The remaining loans and advances are unsecured, repayable on demand and interest-free.

The individual loans and advances balances were assessed by management to determine whether there is any indication in the financial or other circumstances of the third party that would prevent them from repaying the specific loan or advance. No such instances were identified.

	GROUP		COMPANY	
	2011	2010	**2011**	2010
	R000	R000	**R000**	R000
9. DERIVATIVE FINANCIAL INSTRUMENTS				
Derivative financial assets	**6 023**	78 156	**–**	–
Derivative financial liabilities	**(5 988)**	(75 893)	**–**	–
Net derivative financial instruments	**35**	2 263	**–**	–
Derivative financial assets				
Current portion	**6 023**	78 156	**–**	–
Non-current portion	**–**	–	**–**	–
Derivative financial liabilities				
Current portion	**(5 988)**	(75 893)	**–**	–
Non-current portion	**–**	–	**–**	–
	35	2 263	**–**	–
Analysis of net derivative balance				
Equity contracts				
Contracts for difference	**35**	2 263	**–**	–
	35	2 263	**–**	–

9. DERIVATIVE FINANCIAL INSTRUMENTS *(continued)*

The notional principal amounts of the outstanding contracts for difference at 28 February 2011 were R256 847 000 (2010: R275 251 000).

Trading derivatives are classified as current financial assets and liabilities valued at fair value through profit or loss.

The maximum exposure to credit risk at the reporting date is the fair value of the derivative assets in the statement of financial position.

	GROUP		COMPANY	
	2011	2010	**2011**	2010
	R000	R000	**R000**	R000
10. RECEIVABLES				
Trade receivables	**42 404**	29 159	**10**	411
Receivables due from related parties	**14 221**	40 219	**116 158**	133 892
Prepayments	**3 168**	1 655	**289**	–
Brokers and clearing houses	**68 786**	28 137	**–**	–
Rental and other deposits	**1 662**	1 262	**–**	–
VAT receivable	**344**	19	**–**	–
Contracts for difference	**16 846**	26 565	**–**	–
Sundry debtors	**545**	266	**–**	–
	147 976	127 282	**116 457**	134 303
Current portion	**145 799**	126 020	**116 457**	134 303
Non-current portion	**2 177**	1 262	**–**	–
	147 976	127 282	**116 457**	134 303

Receivables are assessed individually for any indications that the counterparty might not be able to honour its commitments. No provision for bad debts was raised in the current year.

Nominal value less impairment provision of trade receivables is assumed to approximate its fair value.

Included in receivables due from related parties are balances of R6 501 000 (2010: R16 473 000) that accrue interest. The effective interest rates applied to R3 808 000 (2010: R15 247 000) of these balances range between 6,37% and 8,82% (2010: 7% and 12%). The remaining amount of R2 693 000 (2010: R1 226 000) carries interest at the UK prime rate.

Unquoted instruments relating to contracts for difference consist of collateral assets and margin accounts held by the underlying banking institutions on behalf of clients and are valued at the carrying value after processing the daily market and interest adjustments. The balance on 28 February 2011 only represents the margin receivable on year-end from the financial institutions and accrue interest.

No receivables are considered to be impaired. As of 28 February 2011, receivables of R3 899 000 (2010: R7 489 000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	GROUP 2011 R000	GROUP 2010 R000	COMPANY 2011 R000	COMPANY 2010 R000
10. RECEIVABLES *(continued)*				
Up to 2 months	**45**	2 612	**–**	–
2 to 6 months	**1 038**	1 926	**–**	–
6 to 12 months	**2 696**	2 485	**–**	–
1 to 2 years	**120**	466	**–**	–
	3 899	7 489	**–**	–

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The company does not hold any collateral as security.

	GROUP 2011 R000	GROUP 2010 R000	COMPANY 2011 R000	COMPANY 2010 R000
11. CASH AND CASH EQUIVALENTS				
Cash at bank and in hand	**276 995**	143 914	**7 665**	24 258
Short-term deposits	**2 830**	6 236	**–**	–
	279 825	150 150	**7 665**	24 258
Bank overdrafts (refer note 13)	**(149)**	(74)	**–**	–
	279 676	150 076	**7 665**	24 258

The effective interest rate on short-term deposits was 6% (2009: 8%). These deposits are held on call and have an average original maturity of less than 30 days.

	GROUP 2011 R000	GROUP 2010 R000	COMPANY 2011 R000	COMPANY 2010 R000
12. SHARE CAPITAL				
Authorised				
1 500 000 000 shares of 1 cent each	**15 000**	15 000	**15 000**	15 000
(2010: 1 500 000 000 shares of 1 cent each)				

	GROUP Number of shares (thousands)	GROUP Share capital R000	GROUP Share premium R000	COMPANY Number of shares (thousands)	COMPANY Share capital R000	COMPANY Share premium R000
Issued						
At 1 March 2009	733 088	7 331	345 838	733 088	7 331	345 838
Shares repurchased and cancelled	(2 596)	(26)	(3 583)	(2 596)	(26)	(3 583)
At 28 February 2010	730 492	7 305	342 255	730 492	7 305	342 255
Shares issued	**2 689**	**27**	**3 923**	**2 689**	**27**	**3 923**
Shares repurchased and cancelled	**(100)**	**(1)**	**(146)**	**(100)**	**(1)**	**(146)**
At 28 February 2011	**733 081**	**7 331**	**346 032**	**733 081**	**7 331**	**346 032**

12. SHARE CAPITAL *(continued)*

The company acquired 100 000 (2010: 2 595 928) of its own shares through purchases over the counter for the period ending 28 February 2011. The total amount paid to acquire the shares, net of income tax, was R147 000 (2010: R3 609 000) and has been deducted within ordinary shareholders' equity on the face of the statement of financial position. These shares have been cancelled. All shares issued by the company were fully paid.

The unissued shares in the company are placed under the control of the directors until the next annual general meeting. The directors are authorised to buy back shares under general approval.

	GROUP		COMPANY	
	2011	2010	**2011**	2010
	R000	R000	**R000**	R000
13. BORROWINGS				
Non-current				
Secured loans	**86 550**	1 003	**74 732**	–
Finance leases	**1 078**	–	**–**	–
Total non-current borrowings	**87 628**	1 003	**74 732**	–
Current				
Secured loans	**19 102**	–	**–**	–
Finance leases	**422**	203	**–**	–
Promissory notes	**47 053**	37 885	**47 053**	37 885
Bank overdrafts	**149**	74	**–**	–
Bank borrowings	**30 050**	30 000	**30 050**	30 000
Related-party loans	**21 862**	64 959	**98 056**	201 925
Other short-term loans	**3 421**	3 395	**–**	–
Total current borrowings	**122 059**	136 516	**175 159**	269 810
Total borrowings	**209 687**	137 519	**249 891**	269 810

The secured loans consist of a loan with Investec Bank Limited as well as a loan with Rand Merchant Bank. The loan with Investec Bank Limited, to the amount of R30 793 000, is secured by advisor loans of R30 176 000, accrue interest at prime and is repayable in 60 equal instalments of R655 341 that commenced on 1 January 2011, with the final instalment on 1 December 2015.

The loan with Rand Merchant Bank of R74 733 000 is secured by the investment in Online Securities Limited. The loan consists of two separate loans, of which R36 931 000 accrue interest at JIBAR plus 4,30% and is repayable in quarterly instalments of R2 571 000, with the final instalment on 12 August 2015. The remaining balance of R37 802 000 accrue interest at a fixed rate of 11,64% and is repayable in quarterly instalments of R2 693 000, with the final instalment on 20 July 2015.

Finance leases are payable in 42 equal instalments that commenced on 1 September 2010 with a final instalment on 1 February 2014 and accrue interest at 16,21% per annum.

The promissory notes are payable within a period of 3 to 6 months and accrue interest between 8,18% and 9,15% (2010: at JIBAR plus a margin of 125 to 250 basis points).

13. BORROWINGS *(continued)*

Bank borrowings and overdrafts are payable on demand and accrue daily interest at the prime rate less 1% (2010: prime rate less 1%).

The related-party loans for the group are payable on demand of which R13 490 000 (2010: R63 835 000) accrue interest at prime plus 1,5% (2010: prime plus 0,5%) and R8 372 000 (2010: R1 124 000) carries no interest.

All other balances are interest-free and repayable on demand.

	GROUP		COMPANY	
	2011	2010	**2011**	2010
	R000	R000	**R000**	R000
14. PROVISIONS FOR OTHER LIABILITIES AND CHARGES				
Balance at beginning of year	**5 226**	9 081	**–**	–
Charged to the income statement:				
– additional provision raised	**5 056**	–	**–**	–
– unused provision reversed	**–**	(43)	**–**	–
Used during the year	**(4 337)**	(3 812)	**–**	–
	5 945	5 226	**–**	–

The provision consists of a management bonus scheme as approved by the remuneration committee during 2006. The bonus scheme has been terminated for the year ending 28 February 2011 on which date management participating in the scheme will receive final settlement. A second, third and fourth scheme commenced 1 March 2007, 1 March 2008 and 1 March 2009 respectively for additional management members added to the scheme. The bonus provision is determined annually based on the headline earnings per share adjusted for the amortisation of intangibles and short-term incentives payable. The total provision is also adjusted for any resignations or cancellations of benefits as agreed with the remuneration committee on an annual basis.

	GROUP		COMPANY	
	2011	2010	**2011**	2010
	R000	R000	**R000**	R000
15. TRADE AND OTHER PAYABLES				
Accounts payable	**72 163**	60 256	**14 043**	9 457
Accruals	**52 660**	37 685	**307**	79
Tax payable	**7 551**	6 430	**191**	1 238
Purchase consideration payable	**71 848**	48 937	**–**	–
Other payables	**227 301**	34 299	**–**	–
Contracts for difference	**23 255**	40 303	**–**	–
	454 778	227 910	**14 541**	10 774
Current portion	**421 374**	224 392	**14 541**	10 774
Non-current portion	**33 404**	3 518	**–**	–
	454 778	227 910	**14 541**	10 774

15. TRADE AND OTHER PAYABLES *(continued)*

The carrying amount of trade and other payables approximate their fair value.

The contracts for difference balance at 28 February 2011 represents the margin payable at year-end by the group to clients and accrue interest.

Included in purchase consideration payable are balances of R59 276 000 (2010: R17 915 873) that accrue interest. The effective interest rates applied range between 6,98% and 9,63% (2010: 9% and 11,5%).

	GROUP		COMPANY	
	2011	2010	**2011**	2010
	R000	R000	**R000**	R000
16. COMMISSION AND OTHER FEE INCOME				
Commission and other policy administration fees	**775 741**	631 255	**–**	–
Dealing and structuring	**175 550**	184 497	**–**	–
Trading profits	**2 717**	2 437	**–**	
	954 008	818 189	**–**	–
17. INVESTMENT INCOME				
Interest income				
Contracts for difference	**17 112**	31 147	**–**	–
Loans and advances	**1 030**	490	**–**	–
Loans to related parties	**36**	27	**4 327**	2 469
Cash and short-term funds	**11 182**	20 358	**689**	1 872
	29 360	52 022	**5 016**	4 341
Dividend income				
Equity securities – Available-for-sale	**–**	66	**–**	66
Equity securities – At fair value through profit and loss	**–**	2 897	**–**	–
Dividend income from subsidiary company	**–**	–	**67 152**	71 013
Dividend income from associated company	**–**	–	**282**	1 825
Dividend income from related parties	**7 213**	–	**–**	–
	7 213	2 963	**67 434**	72 904
Investment income	**36 573**	54 985	**72 450**	77 245

	GROUP		COMPANY	
	2011	2010	**2011**	2010
	R000	R000	**R000**	R000
18. NET FAIR VALUE GAINS AND LOSSES ON FINANCIAL INSTRUMENTS				
Foreign exchange gains	**98**	25	**–**	–
Foreign exchange losses	**(372)**	(447)	**(49)**	(279)
Gains on financial assets at fair value through profit and loss	**8 971**	16	**–**	–
Realised gains on disposal of available-for-sale financial assets	**1 415**	6 325	**1 415**	1 575
	10 112	5 919	**1 366**	1 296
19. OTHER INCOME				
Profit on remeasurement of previous equity interest	**1 980**	–	**–**	–
Profit on sale of fixed assets	**96**	28	**–**	–
Profit on sale of intangible assets	**1 331**	1 629	**–**	–
Management and other fees received from related parties	**–**	–	**12 639**	9 725
Training income	**8 832**	13 777	**–**	–
Sundry income	**5 179**	6 489	**59**	–
	17 418	21 923	**12 698**	9 725

	GROUP		COMPANY	
	2011	2010	**2011**	2010
	R000	R000	**R000**	R000
20. MARKETING, ADMINISTRATION AND OTHER EXPENSES				
Expenses by nature				
Depreciation				
Motor vehicles	**191**	140	**–**	–
Office equipment	**4 978**	4 254	**–**	–
Computer equipment	**6 292**	5 707	**–**	–
	11 461	10 101	**–**	–
Amortisation of intangible assets	**21 590**	15 792	**–**	–
Impairment charges	**3 870**	–	**5 058**	–
Operating lease rentals				
Properties	**31 812**	25 462	**–**	–
Equipment	**2 238**	2 059	**–**	–
	34 050	27 521	**–**	–
Auditors' remuneration				
Audit services				
– current year	**4 687**	3 869	**329**	379
– prior year	**369**	743	**–**	302
Other services	**194**	224	**–**	–
	5 250	4 836	**329**	681
Employee benefit expenses				
Salaries, bonuses, wages and allowances	**236 889**	186 093	**–**	–
Social security costs (e.g. UIF, medical benefits)	**9 945**	7 381	**–**	–
Pension costs – defined contribution plans	**15 127**	11 990	**–**	–
	261 961	205 464	**–**	–
For directors' emoluments refer to report of the board of directors.				
Commission paid to brokers and financial planners	**391 749**	306 393	**–**	–
Marketing costs	**12 225**	9 929	**–**	–
Administration cost	**1 266**	1 236	**244**	141
Professional fees	**1 791**	2 232	**114**	6
Loss on sale of fixed assets	**66**	97	**–**	–
Loss on remeasurement of previous equity interest	**2 086**	–	**–**	–
Loss on sale of intangible asset	**–**	301	**–**	–
Other marketing and administration expenses				
JSE and STRATE expenses	**29 324**	27 286	**–**	–
Research and administration systems	**16 447**	7 488	**–**	–
Information technology expenses	**14 576**	17 131	**–**	–
Office expenses	**11 432**	10 785	**–**	–
Telephone expenses	**11 069**	10 191	**–**	–
Other expenses	**25 311**	57 922	**638**	805
	108 159	130 803	**638**	805
Total marketing, administration and other expenses	**855 524**	714 705	**6 383**	1 633

	GROUP		COMPANY	
	2011	2010	**2011**	2010
	R000	R000	**R000**	R000
21. FINANCE COSTS				
Contracts for difference	**9 444**	28 603	**–**	–
Loans from related parties	**4 985**	5 812	**5 110**	6 177
Other borrowings	**15 032**	10 115	**11 676**	5 931
	29 461	44 530	**16 786**	12 108
22. TAXATION				
Normal taxation				
Current year	**39 248**	38 081	**–**	–
Prior year	**(376)**	109	**–**	–
	38 872	38 190	**–**	–
Deferred taxation				
Current year	**(8 177)**	31	**244**	(1 028)
Prior year	**(74)**	42	**–**	–
	(8 251)	73	**244**	(1 028)
Secondary tax on companies				
Current taxation	**5 487**	6 597	**–**	–
	5 487	6 597	**–**	–
Capital gains tax				
Current taxation	**–**	622	**–**	–
	–	622	**–**	–
Foreign taxation				
Current taxation	**65**	48	**65**	48
	65	48	**65**	48
Total income statement charge	**36 173**	45 530	**309**	(980)

	GROUP 2011 %	GROUP 2010 %	COMPANY 2011 %	COMPANY 2010 %
22. TAXATION *(continued)*				
Reconciliation of rate of taxation				
South African normal tax rate	**28,0%**	28,0%	**28,0%**	28,0%
Adjusted for:				
Non-taxable income	**(3,8%)**	(2,2%)	**(30,4%)**	(27,9%)
Capital gains tax differential in rates	**0,2%**	0,5%	**0,3%**	0,3%
Non-deductible charges	**0,8%**	1,6%	**2,5%**	–
Prior year overprovision	**(0,4%)**	(0,4%)	**–**	–
Income from associated companies	**(0,5%)**	0,1%	**–**	–
Prior year deferred tax adjustments	**(0,1%)**	–	**–**	–
Deferred tax movement on acquisition of business	**(1,4%)**	(0,5%)	**–**	–
Foreign tax rate differential	**0,4%**	0,3%	**–**	–
Secondary tax on companies (STC) and other withholding tax	**4,1%**	4,3%	**0,1%**	(1,3%)
S12H allowance	**(0,5%)**	(0,1%)	**–**	(0,4%)
Effective rate of taxation	**26,8%**	31,6%	**0,5%**	(1,3%)
Gross calculated tax losses at the end of the year available for utilisation against future taxable income	**7,061**	7,875	**4,173**	4,803
Deferred tax asset provided on	**(6 629)**	(7 875)	**(4 173)**	(4 803)
Available for future utilisation	**432**	–	**–**	–

R982 000 of STC credits are available for future utilisation (2010: R984 000). Deferred tax has been provided in full on all STC credits.

The tax credit/(charge) relating to components of other comprehensive income is as follows:

	GROUP 2011	GROUP 2010	COMPANY 2011	COMPANY 2010
Before tax				
Currency translation adjustments	**(240)**	(1 169)	**–**	–
Fair value gains on available-for-sale investments	**–**	2 075	**–**	2 075
Reclassification adjustment on available-for-sale investments	**(1 425)**	(7 260)	**(1 424)**	(1 586)
	(1 665)	(6 354)	**(1 424)**	489
Tax credit/(charge)				
Fair value gains on available-for-sale investments	**–**	(290)	**–**	(290)
Reclassification adjustment on available-for-sale investments	**200**	1 811	**199**	222
	200	1 521	**199**	(68)
After tax				
Currency translation adjustments	**(240)**	(1 169)	**–**	–
Fair value gains on available-for-sale investments	**–**	1 785	**–**	1 785
Reclassification adjustment on available-for-sale investments	**(1 225)**	(5 449)	**(1 225)**	(1 364)
Other comprehensive (loss)/income for the year, net of tax	**(1 465)**	(4 833)	**(1 225)**	421

	GROUP 2011 R000	GROUP 2010 R000
23. EARNINGS PER SHARE (CENTS)		
The calculation of earnings per share is based on the following:		
Total earnings attributable to ordinary shareholders	**93 804**	96 761
Headline earnings adjustments (net of tax and non-controlling interests):		
(Profit)/loss on disposal of intangible assets	**(948)**	301
Impairment of intangible assets	**2 864**	–
Profit on sale of fixed assets	**(21)**	(20)
Loss on sale of fixed assets	**–**	70
Profit on sale of associated companies	**(2 942)**	–
Profit on sale of business to associated companies	**–**	(1 288)
Non-headline items of associated companies	**(30)**	(113)
Profit on sale of available-for-sale investment	**(1 217)**	(5 836)
Headline earnings	**91 510**	89 875

	Number of shares 000	Number of shares 000
The calculation of the weighted average number of shares is as follows:		
Number of shares at beginning of the year	**730 492**	733 088
Shares repurchased during the year	**(100)**	(2 596)
Weighted number of shares issued during the year	**2 689**	–
Weighted number of shares at end of the year	**733 081**	730 492
Headline earnings per share (cents)	**12,48**	12,30
Basic and diluted earnings per share (cents)	**12,80**	13,25

24. CAPITAL COMMITMENTS AND CONTINGENCIES

Other than operating lease obligations (disclosed below), the group had the following capital commitment and contingencies as at 28 February 2011:

- Capital expenditure in terms of computer hardware (server replacements) and the implementation of a new short-term insurance administration system – R9,5 million.
- As part of the subscription agreement in respect of PSG Konsult Insurance Solutions (Proprietary) Limited, PSG Konsult undertook to issue so many PSG Konsult shares at R1,70 per share, should the profit before tax (for a four-year period) of the PSG Konsult business in PSG Konsult Insurance Solutions, fall below a specified amount. PSG Konsult will have the option to pay the other shareholders in PSG Konsult Insurance Solutions the equivalent of the value of the PSG Konsult shares in cash. The undertaking was renegotiated and the four-year period commenced 1 March 2010.
- As disclosed with the interim results at 31 August 2010, management has successfully placed a R80 million fixed term loan with Rand Merchant Bank. This was done with the intention of minimising the group's exposure to financing facilities which can be called/cancelled on short notice. In placing the loan, the company ceded its rights and title to its shareholding in Online Securities Limited as security against the company's due performance and discharge of its obligations or indebtedness. The value of the cession is capped at the initial loan amount, being R80 million.
- Effective 1 November 2010 the company (together with a number of its subsidiaries) sold a loan book to a newly formed company named Delerus (Proprietary) Limited. The loans sold were due from various financial advisors as previously disclosed under loans and advances. Delerus entered into a loan agreement with Investec Bank Limited in order to fund the acquisition of the loan book from PSG Konsult and subsidiaries. In order to ensure the proper and punctual payment by Delerus to the bank, PSG Konsult issued a guarantee to the bank stating that if Delerus for any reason does not make payment of any amount, PSG Konsult shall pay the amounts not so paid upon written demand. The initial loan amount due by Delerus was R31,6 million.
- The group also has provided suretyships to the value of R25,7 million (2010: R10,5 million) in favour of various financial institutions for the purchase of books of business by advisors.

	GROUP		COMPANY	
	2011	2010	**2011**	2010
	R000	R000	**R000**	R000
Operating lease commitments				
Future commitments in terms of:				
Rental agreements				
Due within one year	**1 776**	4 765	–	–
Due after one year but not more than five years	**4 890**	6 377	–	–
	6 676	11 142	–	–
Operating leases – premises				
Due within one year	**22 003**	16 464	–	–
Due after one year but not more than five years	**28 607**	33 172	–	–
	50 610	49 636	–	–

25. BORROWING POWERS

In terms of the company's articles of association, borrowing powers are unlimited. Details of the group and company's borrowings are disclosed in note 13 to the financial statements.

26. RELATED-PARTY TRANSACTIONS

PSG Konsult Limited, its subsidiaries and associates enter into various financial services transactions with members of the PSG Group. These transactions include a range of investment, administrative, advisory and corporate services in the normal course of business.

	GROUP		COMPANY	
	2011	2010	**2011**	2010
	R000	R000	**R000**	R000
Amounts receivable from associates and other companies in the PSG Group				
Included in loans and advances from companies in the PSG Konsult Limited Group				
PSG Konsult Securities (Proprietary) Limited	–	–	–	21 306
PSG Konsult Trust (Proprietary) Limited	–	–	**3 077**	5 526
Abrafield (Proprietary) Limited	–	–	**5 119**	4 178
PSG Online Solutions (Proprietary) Limited	–	–	**70**	4 409
Topexec Management Bureau (Proprietary) Limited	–	–	**51 557**	28 363
PSG Konsult Academy (Proprietary) Limited	–	–	**5 301**	4 233
PSG Consult Limited	–	–	**1 535**	1 580
	–	–	**66 659**	69 595
Included in receivables from companies in the PSG Konsult Limited Group				
PSG Konsult Financial Planning (Proprietary) Limited	–	–	**102 502**	–
PSG Konsult Corporate Limited (previously PSG Konsult Nhluvuko)	–	11 438	**8 401**	11 508
PSG Konsult Nhluvuko Employees Trust	**13**	13	**13**	13
Nhluvuko Financial Planning (Proprietary) Limited	–	11 410	–	–
Nhluvuko Risk Administrators (Proprietary) Limited	–	6 794	–	–
PSG Konsult Insurance Solutions (Proprietary) Limited (previously Konsjhol Investments)	–	–	**2 042**	–
PSG Consult Limited	**3 049**	2 598	–	–
Cinetaur (Proprietary) Limited	**757**	606	–	–
Jamwa Beleggings (Proprietary) Limited	**943**	681	–	–
Karana Property Investments (Proprietary) Limited	**1 333**	1 068	–	
PSG Konsult Verre-Noord (Proprietary) Limited	–	–	–	31
PSG Konsult Optimum (Proprietary) Limited	–	–	**820**	763
PSG Konsult Vereeniging (Proprietary) Limited	–	–	–	198
PSG Konsult Commercial Division (Proprietary) Limited	–	–	–	35
PSG Konsult Nucleus (Proprietary) Limited	–	–	**11**	21
PSG Konsult Management Services (Proprietary) Limited	–	–	–	121 323
PSG Konsult Short-Term Insurance Brokers (Proprietary) Limited	–	–	**2 187**	–
Woodwind Trading (Proprietary) Limited	**419**	–	–	–
iHound (Proprietary) Limited	**182**	–	**182**	–
Included in receivables from companies in the PSG Group				
PSG Collective Investments Limited	**7 003**	4 136	–	–
PSG Fund Management (CI) Limited Guernsey	**522**	1 474	–	–
PSG Investment Services (Proprietary) Limited	–	1	–	–
	14 221	40 219	**116 158**	133 892
	14 221	40 219	**182 817**	203 487

	GROUP		COMPANY	
	2011	2010	**2011**	2010
	R000	R000	**R000**	R000
26. RELATED-PARTY TRANSACTIONS *(continued)*				
Amounts payable to associates and other companies in the PSG Group				
Included in borrowings from companies in the PSG Konsult Limited Group				
Make-a-Million (Proprietary) Limited	**1 575**	285	**–**	–
PSG Konsult Financial Planning (Proprietary) Limited	**–**	–	**–**	37 751
PSG Konsult Namibia (Proprietary) Limited	**–**	–	**767**	710
Delerus (Proprietary) Limited	**–**	–	**5 664**	–
PSG Konsult Management Services (Proprietary) Limited	**–**	–	**1 603**	–
Online Securities Limited	**–**	–	**7 334**	15 837
PSG Konsult Securities (Proprietary) Limited	**–**	–	**35 550**	–
Crest Constantia Management Services (Proprietary) Limited	**–**	–	**24 512**	24 414
PSG Online Solutions (Proprietary) Limited	**–**	–	**3 024**	–
PSG Konsult Short-Term Insurance Brokers (Proprietary) Limited	**–**	–	**–**	59 627
Syringa Investments (Proprietary) Limited	**1 100**	–	**–**	–
Topexec Management Bureau (Proprietary) Limited	**–**	–	**6 112**	–
Included in borrowings from companies in the PSG Group				
Alphen Asset Management (Proprietary) Limited	**982**	787	**–**	–
PSG Corporate Services (Proprietary) Limited	**13 845**	63 835	**13 490**	63 586
PSG Fund Management (Proprietary) Limited	**4 321**	16	**–**	–
Tanzanite (Proprietary) Limited	**34**	13	**–**	–
PSG Absolute Investments (Proprietary) Limited	**5**	22	**–**	–
PSG Collective Investments (Proprietary) Limited	**–**	1	**–**	–
	21 862	64 959	**98 056**	201 925

	GROUP		COMPANY	
	2011	2010	**2011**	2010
	R000	R000	**R000**	R000
26. RELATED-PARTY TRANSACTIONS *(continued)*				
The following significant related-party transactions occurred during the year:				
Income received from companies in the PSG Group				
PSG Konsult Limited and its subsidiaries				
Management and other fees received	**–**	–	**12 639**	9 725
	–	–	**12 639**	9 725
Commission and other fees received from companies in the PSG Group				
PSG Group Limited and its subsidiaries				
Alphen Asset Management (Proprietary) Limited	**24**	19	**–**	–
PSG Collective Investments Limited	**63 926**	37 583	**–**	–
PSG Fund Management (CI) Limited Guernsey	**4 809**	3 558	**–**	–
PSG Fund Management (Proprietary) Limited	**1 987**	1 596	**–**	–
PSG Absolute Investments (Proprietary) Limited	**34**	44	**–**	–
Tanzanite (Proprietary) Limited	**5**	5	**–**	–
PSG Corporate Services Limited	**90**	123	**–**	–
Channel Life Holdings (Proprietary) Limited	**–**	51	**–**	–
	70 875	42 979	**–**	–
PSG Konsult Limited and its associates				
PSG Consult Limited	**4 339**	–	**–**	–
	75 214	42 979	**12 639**	9 725
Fees paid to companies in the PSG Group				
PSG Group Limited and its subsidiaries				
Alphen Asset Management (Proprietary) Limited	**866**	778	**–**	–
PSG Fund Management (Proprietary) Limited	**5 763**	5 035	**–**	–
Tanzanite (Proprietary) Limited	**103**	95	**–**	–
PSG Absolute Investments (Proprietary) Limited	**60**	–	**–**	–
PSG Corporate Services (Proprietary) Limited	**1 343**	600	**–**	163
PSG Konsult Limited Group and its subsidiaries				
PSG Prime (Proprietary) Limited	**–**	–	**45**	58
PSG Konsult Financial Planning (Proprietary) Limited	**–**	–	**539**	494
PSG Konsult Management Services (Proprietary) Limited	**–**	–	**99**	91
Make-a-Million (Proprietary) Limited	**12**	–	**–**	–
	8 135	6 508	**683**	806

	GROUP 2011 R000	GROUP 2010 R000	COMPANY 2011 R000	COMPANY 2010 R000
26. RELATED-PARTY TRANSACTIONS *(continued)*				
Interest received from PSG Group Limited companies				
Topexec Management Bureau (Proprietary) Limited	–	–	853	373
PSG Konsult Corporate Limited (previously PSG Konsult Nhluvuko)	–	–	1 087	740
PSG Consult Limited	36	27	30	22
PSG Konsult Short-Term Insurance Brokers (Proprietary) Limited	–	–	2 357	1 334
	36	27	4 327	2 469
Interest paid to PSG Group companies				
PSG Group Limited and its subsidiaries				
PSG Fund Management (Proprietary) Limited	464	–	–	–
Axiam Holdings Limited	–	21	–	–
PSG Corporate Services (Proprietary) Limited	4 521	5 791	4 521	5 791
PSG Konsult Limited Group and its subsidiaries				
Online Securities Limited	–	–	66	–
PSG Konsult Namibia (Proprietary) Limited	–	–	56	69
Topexec Management Bureau (Proprietary) Limited	–	–	344	317
Delerus (Proprietary) Limited	–	–	123	–
	4 985	5 812	5 110	6 177
Dividends received from companies in the PSG Konsult Limited Group				
PSG Konsult Namibia (Proprietary) Limited			1 264	951
Online Securities Limited			12 837	32 061
PSG Konsult Academy (Proprietary) Limited			–	916
PSG Konsult Financial Planning (Proprietary) Limited			–	14 085
Topexec Management Bureau (Proprietary) Limited			–	5 000
PSG Konsult Short-Term Insurance Brokers (Proprietary) Limited			30 500	18 000
PSG Konsult Management Services (Proprietary) Limited			12 806	–
PSG Konsult Insurance Solutions (Proprietary) Limited (previously Konsjhol Investments)			4 688	–
PSG Konsult Verre-Noord (Proprietary) Limited			1 227	–
PSG Konsult Vereeniging (Proprietary) Limited			3 830	–
			67 152	71 013

	GROUP		COMPANY	
	2011	2010	**2011**	2010
	R000	R000	**R000**	R000
26. RELATED-PARTY TRANSACTIONS *(continued)*				
Dividends received from associated companies				
Make-a-Million (Proprietary) Limited			**100**	–
iHound (Proprietary) Limited			**182**	
PSG Konsult Insurance Solutions (Proprietary) Limited (previously Konsjhol Investments)			**–**	1 825
			282	1 825
Dividends received from companies in the PSG Group				
Capitec Bank Holdings Limited	**–**	66	**–**	66

The shareholding of directors and the directors' remuneration is set out in the report of the board of directors.

Key management compensation

Key management are those persons having authority and responsibility for planning, directing and controlling the activities of the group. Key management is considered to be the board of directors. For compensation detail, refer to the report of the board of directors.

	GROUP		COMPANY	
	2011	2010	**2011**	2010
	R000	R000	**R000**	R000
27. NOTES TO THE STATEMENT OF CASH FLOWS				
27.1 Cash generated by operating activities				
Results of operating activities	**162 587**	186 311	**80 131**	86 633
Adjustment for non-cash items and other:				
Depreciation of equipment	**11 461**	10 101	**–**	–
Impairment of intangible assets	**3 870**	–	**–**	–
Amortisation of intangible assets	**21 590**	15 792	**–**	–
Exchange gains/losses on borrowings	**274**	228	**–**	–
Interest received	**(29 360)**	(52 022)	**(5 016)**	(4 341)
Dividends received	**(7 213)**	(2 963)	**(67 434)**	(72 904)
Profit on sale of fixed assets	**(96)**	(28)	**–**	–
Profit on sale of intangible assets	**(1 331)**	(1 629)	**–**	–
Realised gains on disposal of available-for-sale financial assets	**(1 415)**	(6 325)	**(1 415)**	–
Gains on disposal of financial assets at fair value profit or loss	**(8 971)**	(16)	**–**	–
Loss on sale of fixed assets	**66**	97	**–**	–
Loss on sale of intangible asset	**–**	301	**–**	–
Fair value gains of derivative financial instruments	**(35)**	(2 263)	**–**	–
Release of deferred revenue included in commission received	**–**	(18 709)	**–**	–
Release of deferred acquisition cost included in commission paid	**–**	15 687	**–**	–
Loss on remeasurement of previous equity interest	**2 013**	–	**–**	–
	153 440	144 562	**6 266**	9 388
Changes in working capital				
Inventories	**–**	28	**–**	–
Receivables	**(44 017)**	302 982	**112**	(3)
Intergroup loans obtained	**–**	55 309	**17 734**	4 635
Intergroup loans repaid	**(43 781)**	(24 320)	**–**	–
Loans and advances	**26 674**	8 429	**2 936**	–
Provisions for other liabilities and charges	**719**	(3 855)	**–**	–
Trade and other payables	**176 068**	80 979	**3 767**	476
	269 103	564 114	**30 815**	14 496
27.2 Taxation paid				
(Charge)/credit to income statement	**(36 173)**	(45 530)	**(309)**	980
Movement in deferred taxation	**(9 100)**	73	**245**	(1 028)
Movement in taxation liability/asset	**(1 373)**	(10 922)	**67**	116
	(46 646)	(56 379)	**3**	68

27. NOTES TO THE STATEMENT OF CASH FLOWS *(continued)*

27.3 Subsidiaries acquired

Acquisitions and/or incorporations of subsidiaries or books of business concluded during the financial year ended 28 February 2011.

i) Bouwer Collins Insurance Brokers (Proprietary) Limited

Effective 1 July 2010, PSG Konsult Limited (through its subsidiary PSG Konsult Financial Planning (Proprietary) Limited) acquired a 100% interest in the short-term insurance brokers and administration business for a consideration of R16 000 000.

An initial payment of R8 000 000 was made on 1 July 2010, with a final payment of R8 000 000 on 30 June 2011. The final purchase price may be adjusted if the profit warranty is not fulfilled on 30 June 2011. At the reporting date, it is estimated that the full profit warranty will be met, and therefore the fair value of the deferred consideration is R8 000 000.

	GROUP 2011 R000
Details of the net assets acquired and goodwill are as follows:	
Cash paid	**7 404**
Cash and cash equivalents acquired	**596**
Cash due	**8 000**
Total purchase consideration	**16 000**
Less: Fair value of net assets acquired	**2 382**
Goodwill recognised on acquisition	**13 618**

The goodwill is attributable to the synergies unlocked after acquisition and the expected cost savings of the acquisition.

The assets and liabilities arising from the acquisition are as follows:

	Fair value R000	Acquiree's carrying amount R000
Property and equipment	62	62
Intangible assets	3 573	–
Cash and cash equivalents	596	596
Deferred income tax	(1 039)	–
Trade and other payables	(731)	(731)
Current income tax	(79)	–
	2 382	(73)

The revenue included in the consolidated income statement contributed by Bouwer Collins Insurance Brokers (Proprietary) Limited was R4 653 000. Bouwer Collins Insurance Brokers also contributed profit (before amortisation, finance cost and corporate expenses) of R1 187 000 over the same period.

Had Bouwer Collins Insurance Brokers (Proprietary) Limited been consolidated from 1 March 2010, the consolidated income statement would have shown revenue of R7 977 000 and profit (before amortisation, finance cost and corporate expenses) of R2 035 000.

27 NOTES TO THE STATEMENT OF CASH FLOWS *(continued)*

27.3 Subsidiaries acquired (continued)

ii) Diagonal Street Financial Services (Proprietary) Limited

Effective 1 July 2010, PSG Konsult Limited (through its subsidiaries PSG Konsult Short-Term Insurance Brokers (Proprietary) Limited and Topexec Management Bureau (Proprietary) Limited) acquired the business of Diagonal Street Financial Services (Proprietary) Limited for a consideration of R71 761 000.

An initial payment of R38 597 000 was made on 1 September 2010, with a second and third payment of R16 582 000 on 1 September 2011 and 1 March 2012 respectively.

	GROUP 2011 R000
Details of the net assets acquired and goodwill are as follows:	
Cash paid	**38 597**
Cash due	**33 165**
Total purchase consideration	**71 762**
Less: Fair value of net assets acquired	**17 114**
Goodwill recognised on acquisition	**54 648**

The goodwill is attributable to the synergies unlocked after acquisition and the expected cost savings of the acquisition.

The assets and liabilities arising from the acquisition are as follows:

	Fair value R000	**Acquiree's carrying amount R000**
Property and equipment	580	580
Intangible assets	23 572	–
Deferred income tax	(6 600)	–
Trade and other payables	(438)	(438)
	17 114	142

The revenue included in the consolidated income statement contributed by the business of Diagonal Street Financial Services (Proprietary) Limited was R13 011 000. Diagonal Street Financial Services (Proprietary) Limited also contributed profit (before amortisation, finance cost and corporate expenses) of R5 348 000 over the same period.

Had the business of Diagonal Street Financial Services (Proprietary) Limited been incorporated from 1 March 2010, the consolidated income statement would have shown revenue of R26 022 000 and profit (before amortisation, finance cost and corporate expenses) of R10 696 000.

27. NOTES TO THE STATEMENT OF CASH FLOWS *(continued)*

27.3 Subsidiaries acquired (continued)

iii) PSG Konsult Insurance Solutions (Proprietary) Limited (previously Konsjhol Investments)

Effective 1 March 2010, PSG Konsult Limited acquired an additional 15% interest in this financial services company, raising its effective interest to 65%. The consideration was paid in full on 23 September 2010.

	GROUP 2011 R000
Details of the net assets acquired and goodwill are as follows:	
Cash paid	**12 174**
Cash due	**–**
Total purchase consideration	**12 174**
Less: Fair value of net assets acquired	**(12 672)**
Plus: Non-controlling interest	**6 160**
Plus: Acquisition date fair value of the acquirer's previously held equity interest in acquiree	**8 800**
Goodwill recognised on acquisition	**14 462**

The goodwill is attributable to the synergies unlocked after acquisition and the expected cost savings of the acquisition. The group recognised the non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the acquiree's net assets. As a result of the transaction, a loss of R2 098 000 was recognised in "marketing, administration and other expenses".

The assets and liabilities arising from the acquisition are as follows:

	Fair value R000	**Acquiree's carrying amount R000**
Intangible assets	17 600	–
Deferred income tax	(4, 928)	–
	12 672	–

The revenue included in the consolidated income statement since 1 March 2010 contributed by PSG Konsult Insurance Solutions (Proprietary) Limited was R7 213 000. PSG Konsult Insurance Solutions (Proprietary) Limited also contributed profit of R7 213 000 over the same period.

27. NOTES TO THE STATEMENT OF CASH FLOWS *(continued)*

27.3 Subsidiaries acquired (continued)

iv) PSG Konsult Corporate Limited (previously PSG Konsult Nhluvuko)

Effective 1 March 2010, PSG Konsult Limited acquired an additional 25% interest in this financial services company for a consideration of R1 095 000, raising its effective interest to 74%.

	GROUP 2011 R000
Details of the net assets acquired and goodwill are as follows:	
Cash paid	–
Cash and cash equivalents acquired	**(4 938)**
Cash due	**1 095**
Total purchase consideration	**(3 843)**
Less: Fair value of net assets acquired	**(20 323)**
Plus: Non-controlling interest	**352**
Plus: Acquisition date fair value of the acquirer's previously held equity interest in the acquiree	**662**
Goodwill recognised on acquisition	**23 152**

The goodwill is attributable to the synergies unlocked after acquisition and the expected cost savings of the acquisition. The group recognised the non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the acquiree's net assets. As a result of the transaction, a profit of R1 980 000 was recognised in "other income".

The assets and liabilities arising from the acquisition are as follows:

	Fair value R000	**Acquiree's carrying amount R000**
Property and equipment	1 940	–
Intangible assets	27 216	–
Loans and advances	4 256	4 256
Deferred income tax asset	283	–
Receivables	2 683	2 683
Cash and cash equivalents	4 938	4 938
Deferred income tax liabilities	(7 431)	–
Borrowings	(29 233)	(29 233)
Trade and other payables	(24 642)	(24 642)
Current income tax liability	(333)	–
	(20 323)	(41 998)

The revenue included in the consolidated income statement since 1 March 2010 contributed by PSG Konsult Corporate Limited was R83 834 000. PSG Konsult Corporate Limited also contributed profit of R10 027 000 over the same period.

27. NOTES TO THE STATEMENT OF CASH FLOWS *(continued)*

27.3 Subsidiaries acquired (continued)

v) AdviceAtWork (Proprietary) Limited

Effective 1 March 2010, PSG Konsult Limited (through its subsidiary PSG Konsult Corporate Limited) acquired the business in this financial services company at a cost of R11 945 000. The purchase consideration is payable on 1 June 2012 and carries interest at prime.

	GROUP 2011 R000
Details of the net assets acquired and goodwill are as follows:	
Cash paid	–
Cash due	**11 954**
Total purchase consideration	**11 954**
Less: Fair value of net assets acquired	**5 039**
Goodwill recognised on acquisition	**6 915**

The goodwill is attributable to the synergies unlocked after acquisition and the expected cost savings of the acquisition.

The assets and liabilities arising from the acquisition are as follows:

	Fair value R000	Acquiree's carrying amount R000
Intangible assets	6 999	–
Deferred taxation	(1 960)	–
	5 039	–

The revenue included in the consolidated income statement 1 March 2010 contributed by the business of AdviceAtWork (Proprietary) Limited was R12 690 000. The business of AdviceAtWork (Proprietary) Limited also contributed profit (before amortisation, finance cost and corporate expenses) of R3 428 000 over the same period.

27. NOTES TO THE STATEMENT OF CASH FLOWS *(continued)*

27.3 Subsidiaries acquired (continued)

vi) NNB Financial Services (Proprietary) Limited

Effective 1 November 2010, PSG Konsult Limited (through its subsidiary PSG Konsult Corporate Limited) acquired the business in this financial services company for a consideration of R15 000 000.

An initial payment of R7 500 000 was made on 1 November 2010, with a second and third payment of R3 750 000 on 1 November 2011 and 1 May 2012 respectively. The final purchase price may be adjusted if the profit warranty is not fulfilled on 1 May 2012. At the reporting date, it is estimated that the full profit warranty will be met, and therefore the fair value of the deferred consideration is equal to the carry value.

	GROUP 2011 R000
Details of the net assets acquired and goodwill are as follows:	
Cash paid	
Cash due	**7 500**
Total purchase consideration	**7 500**
Less: Fair value of net assets acquired	**15 000**
Goodwill recognised on acquisition	**7 189**
	7 811

The goodwill is attributable to the synergies unlocked after acquisition and the expected cost savings of the acquisition.

The assets and liabilities arising from the acquisition are as follows:

	Fair value R000	Acquiree's carrying amount R000
Intangible assets	9 697	–
Property and equipment	207	207
Deferred income tax liability	(2 715)	–
	7 189	207

The revenue included in the consolidated income statement contributed by the business of NNB Financial Services (Proprietary) Limited was R1 228 000. The business of NNB Financial Services (Proprietary) Limited also contributed profit (before amortisation, finance cost and corporate expenses) of R255 000 over the same period.

Had the business of NNB Financial Services (Proprietary) Limited been incorporated from 1 March 2010, the consolidated income statement would have shown revenue of R6 238 000 and profit (before amortisation, finance cost and corporate expenses) of R2 440 000.

27. NOTES TO THE STATEMENT OF CASH FLOWS *(continued)*

27.3 Subsidiaries acquired (continued)

vii) PSG Prime (Proprietary) Limited

Effective 1 March 2010, PSG Konsult Limited (through its subsidiary Online Securities Limited) acquired a 100% interest in this financial services company for a consideration of R16,7 million from PSG Fund Management (Proprietary) Limited. The IFRS on business combinations (IFRS 3) does not apply to this business combination, as it is effected between parties that are ultimately controlled by PSG Group Limited, otherwise known as a common control transaction. The company has elected to apply "predecessor accounting".

	GROUP 2010 R000
Details of the net assets acquired are as follows:	
Cash paid	8 350
PSG Konsult Limited ordinary shares issued	4 033
Cash due	4 317
Total purchase consideration	16 700
Less: Net assets acquired at carrying value	(903)
Increase in common control reserve on 1 March 2009	(15 797)

The difference between the consideration given and the predecessor values are recognised directly in equity in a common control reserve. As a result, no goodwill is recognised on acquisition. The group's 2010 comparative values were adjusted with the following predecessor values:

	GROUP 2010 R000
Property and equipment	108
Intangible assets	10
Investment in associated companies	4 000
Deferred income tax asset	30
Receivables	140
Cash and cash equivalents	2 582
Current income tax asset	7
Borrowings	(997)
Trade and other payables	(629)
Retained earnings on 1 March 2009	(4 348)
	903

27. NOTES TO THE STATEMENT OF CASH FLOWS *(continued)*

27.3 Subsidiaries acquired (continued)

Acquisitions and/or incorporations of subsidiaries or books of business concluded during the financial year ended 28 February 2010.

i) Tlotlisa Securities (Proprietary) Limited (T-Sec)

Effective 1 February 2009, PSG Konsult Limited (through its subsidiaries PSG Konsult Financial Planning (Proprietary) Limited and Online Securities Limited) acquired the private client stockbroking division of T-Sec for a consideration of R66 350 000. The acquisition was subject to Competition Commission approval (only obtained during April 2009) which was set as a suspensive condition to the transaction. In line with the requirements of IFRS 3, Business Combinations, the acquisition was only to be recognised in the group's accounting records upon fulfilment of all suspensive conditions.

An initial payment of R33 050 000 was made on 5 May 2009, with a final payment of R21 647 517 to be made on 1 March 2010. The consideration was reduced to R54 697 517 as a result of a profit guarantee to achieve during the 12-month period. As a result, the adjustment was made against the goodwill recognised in terms of IFRS 3.

Details of the net assets acquired and goodwill are as follows:

	GROUP 2010 R000
Cash paid	33 050
Cash due	21 648
Total purchase consideration	54 698
Less: Fair value of non-controlling interest	(17 606)
Goodwill recognised on acquisition	37 092

The goodwill is attributable to the high profitability of the acquired business and the significant synergies expected to arise following the group's acquisition.

The assets and liabilities arising from the acquisition are as follows:

	Fair value R000	**Acquiree's carrying amount R000**
Office and computer equipment	274	274
Motor vehicles	52	52
Intangible assets	24 000	–
Deferred income tax liability	(6 720)	–
	17 606	326

27. NOTES TO THE STATEMENT OF CASH FLOWS *(continued)*

27.3 Subsidiaries acquired (continued)

ii) MDS Empangeni

Effective 1 March 2009, the group (through its subsidiary Topexec Management Bureau (Proprietary) Limited) acquired the book of business and technical know-how of the short-term insurance administrator, MDS Empangeni, for a consideration of R2 500 000. The consideration was paid in cash on 31 May 2009.

	GROUP 2010 R000
Details of the transactions are as follows:	
Cash paid	2 500
Cash due	–
Total purchase consideration	2 500
Less: Fair value of net assets acquired	(1 674)
Goodwill recognised on acquisition	826

The goodwill is attributable to the high profitability of the acquired business and the significant synergies expected to arise following the group's acquisition.

The assets and liabilities arising from the acquisition are as follows:

	Fair value R000	Acquiree's carrying amount R000
The assets and liabilities arising from the acquisition are as follows:		
Office and computer equipment	234	234
Motor vehicles	–	–
Intangible assets	2 000	–
Deferred income tax liability	(560)	–
	1 674	234

27. NOTES TO THE STATEMENT OF CASH FLOWS *(continued)*

27.3 Subsidiaries acquired (continued)

Summary of cash flows for the year ending 28 February 2011

	GROUP 2011 R000
Acquisitions in 2011	
i) Bouwer Collins Insurance Brokers (Proprietary) Limited	7 404
ii) Diagonal Street Financial Services (Proprietary) Limited	38 597
iii) PSG Konsult Insurance Solutions (Proprietary) Limited (previously Konsjhol Investments)	12 174
iv) PSG Konsult Corporate Limited (previously PSG Konsult Nhluvuko)	(3 843)
v) AdviceAtWork (Proprietary) Limited	–
vi) NNB Financial Services (Proprietary) Limited	7 500
vii) PSG Prime (Proprietary) Limited	8 350
Acquisitions in 2010	
i) Tlotlisa Securities (Proprietary) Limited (T-Sec)	21 648
	91 830

27.4 Acquisition of investments in associated companies

Acquisition of investments in associated companies for the year ended 28 February 2011

i) iHound (Proprietary) Limited

Effective 1 March 2010, the Group acquired 20% shareholding in iHound (Proprietary) Limited for a consideration of R2 000 000. No intangible assets were identified on acquisition in terms of IFRS 3R. Goodwill included in the carrying amount was R1 113 000.

Acquisition of investments in associated companies for the year ended 28 February 2010

ii) Karana Property Investment (Proprietary) Limited

Effective 1 June 2009, the Group acquired 30% shareholding in Karana Property Investments (Proprietary) Limited for a consideration of R1 343 490. No intangible assets or goodwill were identified on acquisition in terms of IFRS 3.

27. NOTES TO THE STATEMENT OF CASH FLOWS *(continued)*

27.5 Transactions with non-controlling interest

PSG Konsult Vereeniging (Proprietary) Limited

The group acquired the remaining 47,5% in the subsidiary, PSG Konsult Vereeniging (Pty) Limited on 1 May 2009. The total consideration payable is R2 869 000.

	GROUP 2010 R000
Details of the transaction are as follows:	
Cash paid	2 008
Cash due	861
Total purchase consideration	2 869
Less: carry value of non-controlling interest acquired	(47)
Goodwill recognised on consolidation	2 822

PSG Konsult Academy (Proprietary) Limited

The group acquired the remaining 20% in the subsidiary, PSG Konsult Academy (Proprietary) Limited on 1 March 2009. The total consideration paid was R1 907 456.

	GROUP 2010 R000
Details of the transaction are as follows:	
Cash paid	1 907
Cash due	–
Total purchase consideration	1 907
Less: carry value of non-controlling interest acquired	(217)
Goodwill recognised on consolidation	1 690

27.6 Cash and cash equivalents and bank overdrafts at end of year

	GROUP		COMPANY	
	2011 R000	2010 R000	**2011 R000**	2010 R000
Cash and short-term funds	**279 825**	150 150	**7 665**	24 258
Bank overdrafts	**(149)**	(74)	**–**	–
	279 676	150 076	**7 665**	24 258

28. EVENTS AFTER THE REPORTING DATE

Acquisitions

On 1 March 2011, the operations of PSG Fund Management, PSG Alphen, PSG Tanzanite, PSG Absolute Investments and PSG FutureWealth was amalgamated with that of PSG Konsult. The merge follows the restructuring of the financial services businesses within the PSG Group and will promote the sharing of resources and skill with the goal of improved service delivery. The transaction, structured in the form of a share swop resulting in the issuance of 339 213 063 PSG Konsult shares for a total consideration of R506,8 million (giving a per share swop price of R1,494 per PSG Konsult share), has been positioned under a newly incorporated company, PSG Asset Management.

28. EVENTS AFTER THE REPORTING DATE *(continued)*

Incentive scheme

A decision was approved at the February 2011 Remuneration Committee to wind up all existing tranches of the phantom share incentive scheme and replace this with a share option scheme. The details of the scheme were approved by the Remuneration Committee (February 2011) and the board of directors (April 2011) and include the following:

- Allotment of R50,1 million share options
- Option strike price R1,54
- The option date is 1 March 2011
- Options shall vest over a five-year period as follows:
  - 25% at the 2nd anniversary of the option date
  - 25% at the 3rd anniversary of the option date
  - 25% at the 4th anniversary of the option date
  - 25% at the 5th anniversary of the option date

COMPANY	Proportion held directly or indirectly by holding company 2011 %	2010 %	Issued share capital 2011 R	2010 R	Cost of investment 2011 R000	2010 R000
29. INTEREST IN SUBSIDIARIES						
PSG Konsult Financial Planning (Proprietary) Limited	**100**	100	**101**	101	**29 294**	26 803
(Financial and investment planning and advice and stockbroking)						
PSG Konsult Securities (Proprietary) Limited	**100**	100	**200 001**	200 001	**–**	–
(Financial and investment planning and advice and stockbroking)						
PSG Konsult Trust (Proprietary) Limited	**100**	100	**111**	111	**714**	714
(Provision of holistic fiduciary advisory services)						
PSG Konsult Academy (Proprietary) Limited	**100**	100	**120**	120	**1 907**	1 907
(Learning academy and related activities)						
PSG Konsult Management Services (Proprietary) Limited	**100**	100	**100**	100	**–**	–
(Provision of corporate and financial administrative and advisory services)						
PSG Konsult Namibia (Proprietary) Limited	**51**	51	**300 000**	300 000	**2 400**	2 400
(Investment management, insurance and investment brokers, financial planning and advice)						
Topexec Management Bureau (Proprietary) Limited	**100**	100	**200**	200	**43 781**	43 781
(Administration services short-term insurance)						
PSG Konsult Short-Term Insurance Brokers (Proprietary) Limited	**100**	100	**200**	200	**140 427**	136 571
(Short-term insurance advise and products)						
PSG Online Solutions (Proprietary) Limited	**100**	100	**100**	100	**–**	–
(Internet and investor education company that provides a platform for internet-based share trading)						

COMPANY	Proportion held directly or indirectly by holding company 2011 %	2010 %	Issued share capital 2011 R	2010 R	Cost of investment 2011 R000	2010 R000
29. INTEREST IN SUBSIDIARIES *(continued)*						
Crest Constantia Management Services (Proprietary) Limited *(Investment holding company)*	**100**	100	**200**	200	**22 488**	22 488
PSG Konsult Verre-Noord (Proprietary) Limited *(Investment management, insurance and investment brokers, financial planning and advice)*	**100**	100	**300**	300	**–**	2 490
PSG Konsult Nucleus (Proprietary) Limited *(Investment management, insurance and investment brokers, financial planning and advice)*	**60**	60	**54 000**	54 000	**923**	923
PSG Konsult Vereeniging (Proprietary) Limited *(Investment management, insurance and investment brokers, financial planning and advice)*	**100**	100	**240**	240	**–**	3 856
PSG Konsult Optimum (Proprietary) Limited *(Investment management, insurance and investment brokers, financial planning and advice)*	**51**	51	**200**	200	**2 599**	2 599
PSG Konsult Brokers Limited *(Investment management, insurance and investment brokers, financial planning and advice)*	**100**	100	**198**	198	**9 599**	9 599
Online Securities Limited *(Stockbroking)*	**100**	100	**3 500**	3 500	**180 106**	167 723
Abrafield (Proprietary) Limited *(Property management)*	**100**	100	**100**	100	**–**	–
PSG Nominees (Proprietary) Limited *(Nominee company)*	**100**	100	**100**	100	**–**	–
PSG Konsult Nylstroom (Proprietary) Limited *(Investment management, insurance and investment brokers, financial planning and advice)*	**51**	51	**200**	200	**–**	–
PSG Konsult Warmbad (Proprietary) Limited *(Investment management, insurance and investment brokers, financial planning and advice)*	**51**	51	**100**	100	**–**	–
PSG Konsult Ellisras (Proprietary) Limited *(Investment management, insurance and investment brokers, financial planning and advice)*	**51**	51	**500**	500	**–**	–

COMPANY	Proportion held directly or indirectly by holding company 2011 %	2010 %	Issued share capital 2011 R	2010 R	Cost of investment 2011 R000	2010 R000
29. INTEREST IN SUBSIDIARIES *(continued)*						
PSG Konsult Potgietersrus (Proprietary) Limited	**100**	100	**116 500**	116 500	**–**	–
(Investment management, insurance and investment brokers, financial planning and advice)						
PSG Konsult Corporate Limited (previously PSG Konsult Nhluvuko) *(Healthcare brokerage and administration)*	**74**	–	**1 000**	–	**1 095**	–
PSG Konsult Insurance Solutions (Proprietary) Limited (previously Konsjhol Investments *(Short-term underwriting business)*	**65**	–	**300**	–	**12 174**	–
					447 507	421 854

The company's interest in attributable income and losses of subsidiaries amounts to R116 537 000 (2010: R93 274 000) and R3 212 000 (2010: R839 000) respectively.

Information is only disclosed in respect of subsidiaries of which the financial position or results are material. All of the above companies are incorporated in the Republic of South Africa, except for PSG Konsult (Namibia) (Proprietary) Limited which is incorporated in Namibia and PSG Konsult Brokers Limited which is incorporated in the United Kingdom. Further details of investments are available at the registered offices of the relevant group companies.

30. SEGMENT REPORTING

Management has determined the operating segments based on the internal reports reviewed by the executive committee ("EXCO") that are used to assess performance and to allocate resources. The operating segments identified are representive of the internal reporting structure of the group, and are reviewed on a monthly basis.

The three core reportable segments identified:

- Stockbroking and portfolio management
- Financial planning and investments
- Short-term insurance and administration

Stockbroking and discretionary portfolio management are all portfolio management services, and also included the execution of mandates for share transactions. For this purpose the online share trading platform of PSG Online is utilised.

Financial planning and investments comprise of all financial planning, retirement planning, death and disability cover, healthcare insurance and investment portfolio management services.

Short-term insurance and administration includes all short-term insurance for personal and business assets, as well as the administration on behalf of insurance companies.

EXCO considers the performance of reportable segments based on gross commission and fee income as a measure of growth and headline earnings as a measure of profitability.

Other information provided to EXCO is measured in a manner consistent with that in the financial statements.

30. SEGMENT REPORTING *(continued)*

The segment information provided to the EXCO for the reportable segments for the year ended 28 February 2011 is as follows:

Income	Stockbroking and portfolio management R000	Financial planning and investments R000	Short-term insurance and adminis-tration R000	Total R000
Total segment income	413 806	337 862	347 961	969 914
Inter-segment income	(133 646)	(311)	(15 751)	(143 650)
Income from external customers	280 160	337 551	332 210	826 264
Unallocated segments				31 617
Investment income				36 573
Total income				1 018 111

Headline earnings				
Headline earnings per segment	41 008	50 363	23 723	115 094
Unallocated segments				(23 584)
Total headline earnings				91 510

30. SEGMENT REPORTING *(continued)*

The segment information for the year ended 28 February 2010 is as follows:

Income	Stockbroking and portfolio management R000	Financial planning and investments R000	Short-term insurance and adminis-tration R000	Total R000
Total segment income	388 411	250 575	312 791	951 777
Inter-segment income	(116 776)	(9 267)	(15 415)	(141 458)
Income from external customers	271 635	241 308	297 376	810 319
Unallocated segments				35 712
Investment income				54 985
Total income				901 016

Headline earnings				
Headline earnings per segment	43 808	41 424	25 872	111 104
Unallocated segments				(21 229)
Total headline earnings				89 875

The amounts disclosed under "Unallocated segments" comprise those segments which do not qualify as reportable segments per definition as stated in IFRS 8. The headline earnings figure disclosed for unallocated segments mainly comprise costs incurred in respect of the PSG Konsult Group's treasury function, executive management, training and corporate expenses. In 2010, training was considered a significant segment by management, however in 2011, training is no longer provided outside the group and therefore management no longer considers training to be a reportable segment. The comparative figures have been adjusted accordingly.

The group mainly operates in the Republic of South Africa, with 98,3% (2010: 97,6%) of the income from external customers generated in the Republic of South Africa.

	Shareholders Number	%	Shares held Number	%
Range of shareholding				
1 – 50 000	323	61	5 264 954	1
50 001 – 100 000	56	11	3 730 065	1
100 101 – 500 000	86	16	16 938 939	2
500 001 – 1 000 000	23	4	16 008 024	2
Over 1 000 000	42	8	691 138 940	94
	530	100	733 080 922	100
Public and non-public shareholding				
Non-public				
Holding company	1	0	538 505 142	73
Directors and management	30	6	53 845 043	8
Financial planners and associated professionals	239	45	49 712 911	7
Public	260	49	91 017 826	12
	530	100	733 080 922	100

No individual shareholders (excluding the holding company) held more than 5% of the issued shares as at 28 February 2011 (2010: Nil).

Steps for trading PSG Konsult Limited shares

Before you can trade in PSG Konsult Limited shares you must have an account with Online Securities. Should you already have an account, please refer to the procedure for existing account holders below. These steps are followed by the steps to be taken by new clients who wish to obtain an account.

EXISTING ACCOUNT HOLDER

If you are an existing account holder, visit our website (www.psgkonsult.co.za) and navigate to our trade page which is situated under the 'About' tab.

If you wish to **sell**, post the original share certificate to your broker, accompanied by a signed securities transfer form (CM42). If your shares are held in safe custody by PSG Online Securities this is not applicable.

If you wish to **purchase**, fax a copy of your deposit slip to your broker and enter your order into the market.

NEW CLIENTS

Your first port of call would be to select a broker to open an account for you. This is easily done by visiting our website (www.psgkonsult.co.za) and navigating to our stockbroking and portfolio management page situated under the 'Services' tab.

IF YOU WERE TO REQUIRE ANY ADDITIONAL INFORMATION CONTACT:

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Corporate information

COUNTRY OF INCORPORATION
Republic of South Africa

DATE OF INCORPORATION
14 July 1993

REGISTERED ADDRESS
Suite 2/1, Hemel and Aarde Craft Village
Corner of Hemel and Aarde and Main Road
Hermanus 7200

POSTAL ADDRESS
PO Box 1743, Hermanus 7200

COMPANY SECRETARY
HB Lindes (on behalf of PSG Konsult Management Services (Proprietary) Limited)

BANKERS
Absa Bank Limited
Standard Bank of South Africa Limited

AUDITORS
PricewaterhouseCoopers Inc
Cape Town

ATTORNEYS
DLA Cliffe Dekker Hofmeyr
Blake Bester

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